U.S. News
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JUNE 3, 1955 20 CENTS

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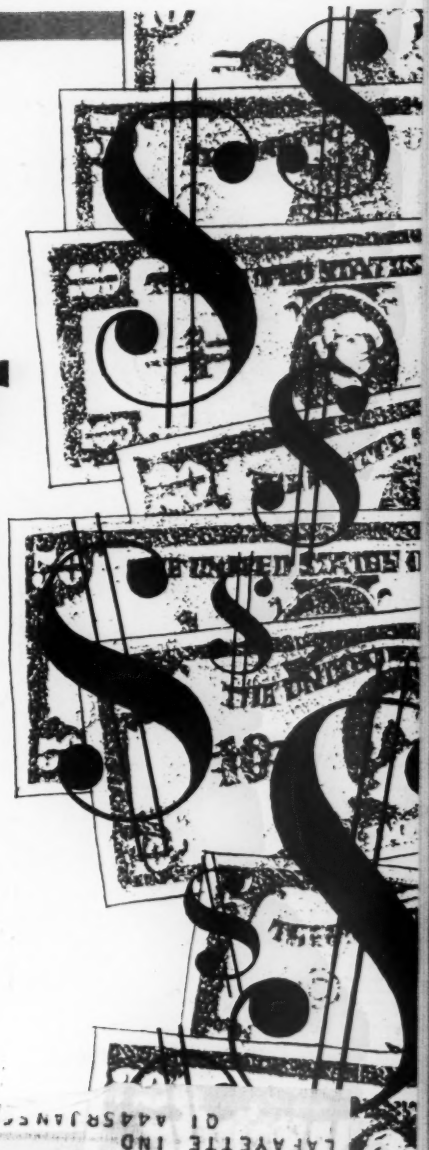
EXCLUSIVE INTERVIEW With

Benjamin Graham, Expert on Investments

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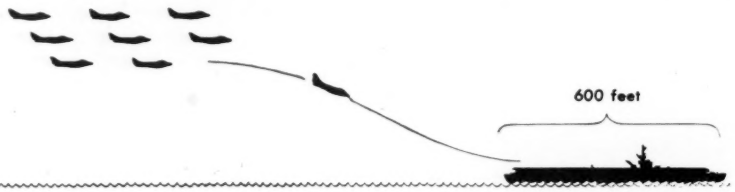
No. 44 in a series:

TACTICAL PROBLEM: ***To design and build a jet bomber able to operate from the smallest World War II "jeep" carriers.***

PRACTICAL REPLY:

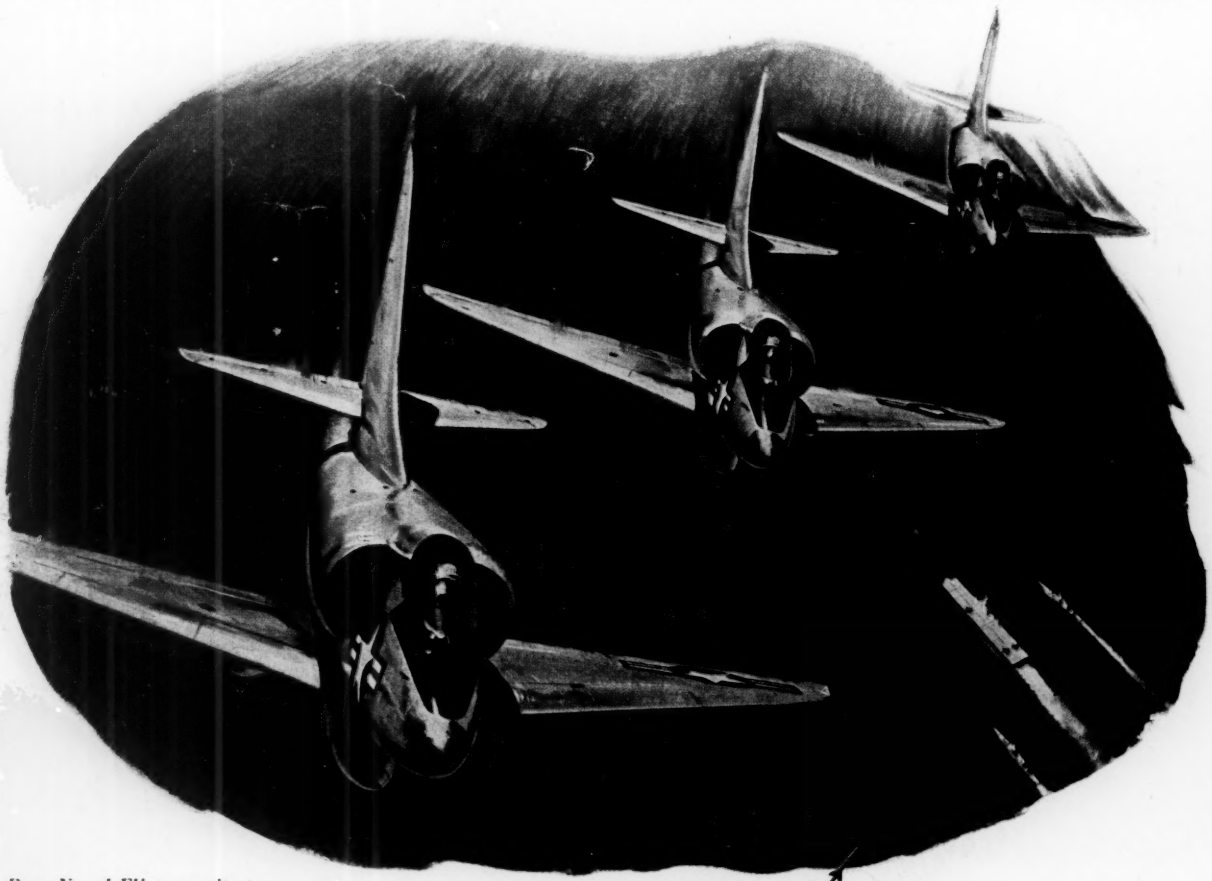


The DOUGLAS A4D Skyhawk

Designed for the U. S. Navy and now in volume production, the Douglas A4D Skyhawk cuts many of the tactical restrictions imposed by the higher landing and take-off speeds of modern jet aircraft.

This compact attack bomber flies faster and farther with a greater striking load than any airplane of comparable size . . . outspeeds many jet fighters twice its size. Yet it can fly with ease from "jeep" carriers and short, advanced airstrips barred to most jets. Wingspan is so short that Skyhawk can be stored in quantity aboard carriers *without folding its wings*—a simplification that makes important savings in both weight and fuel.

Performance of A4D Skyhawk is another example of Douglas leadership in aviation. Greater utility with lower production cost, through highly simplified design, is always a rule at Douglas.



Be a Naval Flier—write to Nav Cad, Washington 25, D. C.

Depend on *DOUGLAS* **First in Aviation**

Who guarantees the guaranteed annual wage?

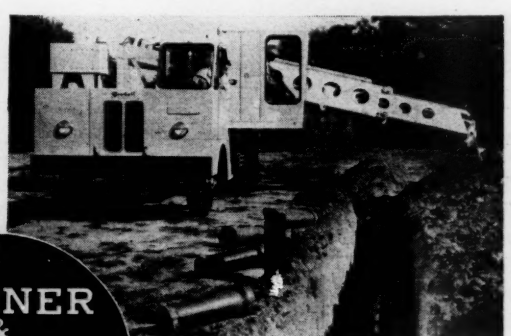
IF 60 million American workers are going to be guaranteed a constant full wage every year, where is the money coming from?

It can only come from selling what the workers make—and if that is not sold, the public must then be *forced* to buy it.

There is no other way to raise the money for wages.

And the *public* that *must do* the buying is, of course, the 60 million workers and their families.

To keep steady wages going to all kinds of workers, there must be steady buying of everything they make. The foundry worker, for example, may not *want* to buy a new automobile or a new pair of shoes when he's told to, but he'll *have* to, to provide the annual wage.



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IN THIS ISSUE

★ Is a Cure Here Now for Arthritis?

Are new drugs offering a dramatic cure for the most common crippler? How effective are they in erasing pain from stiffened, aching joints? Can they prevent arthritis? Are still more effective drugs in sight? Here is the whole story, as told in an interview with a topmost authority. Starts on page 76.

★ Why Young Americans Are Growing Bigger

This is the story of the revolution that has occurred in the feeding of the average American family—a basic change that is behind the added height and weight of today's youth. Page 64.

★ Can War Be Prevented in the Far East?

Just where should U. S. draw the line in the highly explosive Pacific? For the point of view of a foreign-policy expert just returned from Formosa, turn to page 53.

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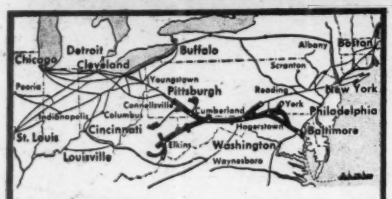

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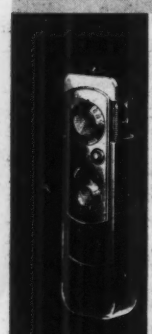

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The March of the News

BILLIONS FOR HIGHWAYS

A GIGANTIC FACE LIFTING was in store for the nation's highways, if politicians could get together on how to do it. President Eisenhower had offered one highway plan. Senators went ahead and voted for another.

Under the Senate bill, nearly 18 billion dollars would be spent in the 5-year period 1956-60 to expand and improve the highway system. About 12.5 billion dollars would come from the Federal Treasury; the rest, from the States. A big part of the money would go to improve the 40,000-mile interstate highway system, linking the capitals of 42 States.

Senators turned thumbs down on Administration proposals to spend 39.1 billion dollars over a 10-year period, and to finance much of it with special bonds, outside the regular budget. Next move was up to the House.

FEDERAL ATTIC

IT WOULD TAKE two islands the size of Manhattan to hold all the warehouses and storage facilities owned by the U. S. Government, the Hoover Commission reported. The Federal Government's "attic" is so vast, and so scattered, that the Government itself doesn't know what's inside, a Commission task force found.

"More than 100 million square feet of storage space not listed on the operating records" was "found" by the Hoover group. Citing "duplication and waste" in the use of storage space, the Commission recommended tighter controls by top officials, better inventory records and greater use of commercial facilities. These measures, it was estimated, might pare 253 million dollars a year off the nation's storage bill.

STOCK-MARKET PROBE

A BIPARTISAN COMMITTEE which conducted the first congressional investigation of the stock market in 20 years was in with its report. The majority conclusion: "There has been an increase in unhealthy speculative developments in the stock market since the fall of 1954." Eight Democrats were joined by three Republicans in recommending stronger regulatory laws and further congressional study of some "abuses" and possible "manipulation."

Four Republican Senators dissented. Charging that the majority report was "political in nature" and intended to weaken people's confidence in the Eisenhower Administration, the minority group dubbed the whole inquiry "a studied attempt to disturb the economy."

"FALL-OUT" FORECASTS

CITY DWELLERS now can get information from the Weather Bureau on which way to run if an H-bomb is dropped. Since May 15, the Bureau has been making "upper-air fall-out observations" twice a day. The data can be used by civil-defense officials to compute the radioactive fall-out pattern from an attack on a given target.

WHITE HOUSE BILLS

HOUSEKEEPING SECRETS of the White House got their annual airing at an appropriation hearing on the 1956 budget. Congressmen inquired into the welfare of 10,114 pieces of White House china, 6,201 pieces of silverware, 2,427 pieces of glassware and 2,630 articles of furniture.

Budget total, this year, comes to $366,200. That pays the salaries of 38 maintenance men and 34 domestic employes. It covers the monthly electric bill, which sometimes hits $3,500 and the yearly dry-cleaning bill of $6,200.

TORNADO TOLL

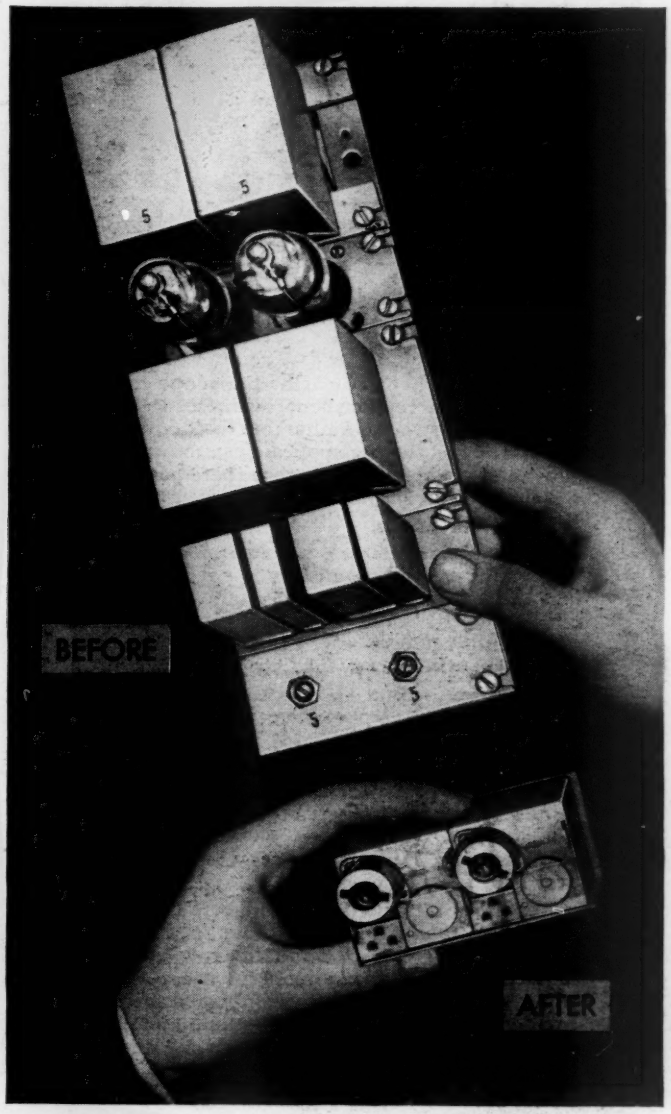
VICIOUS TORNADOES ripped through Texas, Oklahoma and Kansas, killing at least 99 persons and injuring hundreds more. The little town of Udall, Kans., (population: 500) was flattened so thoroughly that it was an hour and a half before residents could get a message out, calling for help. After rescuers finally arrived, ambulances were turned away from overflowing hospitals in the surrounding area. Udall's toll: 58 dead; more than 200 injured.

165 MILLION OF US

SHORTLY BEFORE 9 o'clock on Friday, May 27, the 165,000,000th American "arrived" on the scene. The event was marked on the big "census clock" in the lobby of the Commerce Department Building in Washington.

U. S. population now is increasing at a rate of 2,700,000 per year. The census clock ticks off the increase, based on estimates that a new baby is born every 8 seconds, someone dies every 21 seconds, an immigrant arrives every 2 minutes and an emigrant departs every 24 minutes.

"Shrink it!" they said



600 of these new voice frequency amplifiers can be mounted in a bay just 2 feet wide and 11½ feet high. Before, the larger amplifier required a small room full of equipment to do the same job.

Note the difference in size between the two voice amplifiers you see here. Multiply that difference by hundreds of Bell telephone central offices... where they are used in large quantities. That will give you a good idea of the amount of space saved through a Bell System program called "miniaturization" by which telephone equipment — in many, many particulars — is progressively being made smaller.

It is the job of Western Electric — as the manufacturing and supply unit of the Bell System — to take the miniaturized designs . . . designs prepared by our associates, the Bell Telephone Laboratories . . . and *find the way* to manufacture the smaller new equipment, *economically*.

Space so "manufactured" means that existing telephone buildings can give more service for their size . . . new buildings need not be so large. When you consider that current Bell System programs require expenditure of many millions of dollars *weekly* on telephone plant, you will understand how savings through miniaturization can add up impressively over the years.

Shrinking the size of components is a tough job, but Western Electric manufacturing engineers, working closely with their coordinates at Bell Laboratories who design the equipment, and with Bell telephone people who will operate it, together are winning the "battle of the inches."

It is a natural objective of Western Electric to help the Bell telephone companies hold down their cost of doing business. Why? Simply because we share the Bell System's common goal — good, dependable telephone service at low cost.

Close cooperation by all units of the Bell System on such ideas as miniaturization is one big reason why — in the face of rising costs since 1946 — the price of Bell telephone service has gone up *so much less* than most other things the public buys.

Western Electric

MANUFACTURING AND SUPPLY UNIT OF THE BELL SYSTEM

EVER LOOK TO A SUB'S PERISCOPE FOR YOUR IDEA?

Time was, when submarine periscope makers had a thriving replacement business. Probably no part of subs was as vulnerable to corrosion by ocean water as the periscopes. Even the toughest steels went to pieces so fast that spare periscopes were standard equipment.

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And don't dismiss titanium with the idea, "It's impossible to get" or "It costs a fortune." It is available today for civilian as well as military applications, and sales prices are lower than ever before.

Republic Steel and other producers are steadily increasing titanium smelting and rolling facilities. Presses are also being improved to help make more titanium available for more applications. You can start now to be informed and ready for the day when Republic Titanium and Titanium Alloys may be as easy to get as Republic Stainless and Alloy Steels.

When you come to Republic for information on titanium, you're coming to the experienced leaders in corrosion-resistant metals. More than 47 years ago, Republic developed Toncan Iron to lick a corrosion problem . . . next came Republic Stainless Steel . . . and now Republic Titanium

Mail this coupon below to get information and data on the newest member of the Republic family of longer-lasting metals . . . Republic Titanium and Titanium Alloys.

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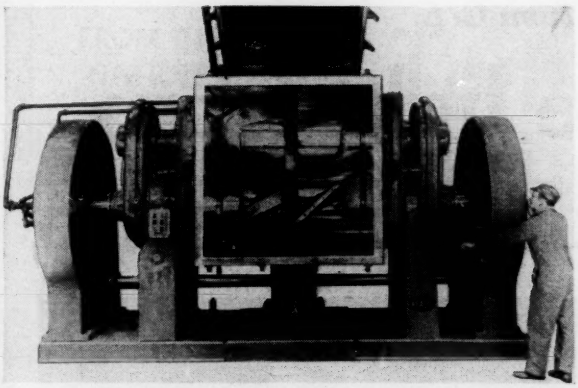

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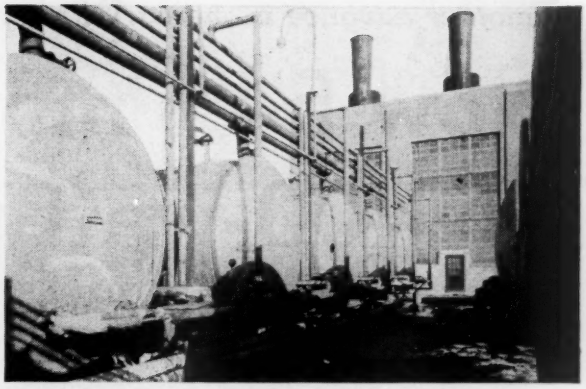


CORROSIVE CHEMICALS THAT HAVE TO BE BABIED are transported through ELECTRUNITE® Stainless Steel Tubing and Pipe, made by Republic's Steel and Tubes Division. Chemicals, food and dairy products receive positive protection against discoloration and contamination. And because ELECTRUNITE Stainless Steel Tubing and Pipe are corrosion-resistant and have a wide range of resistance to temperature, pressure and physical damage, they last years longer.

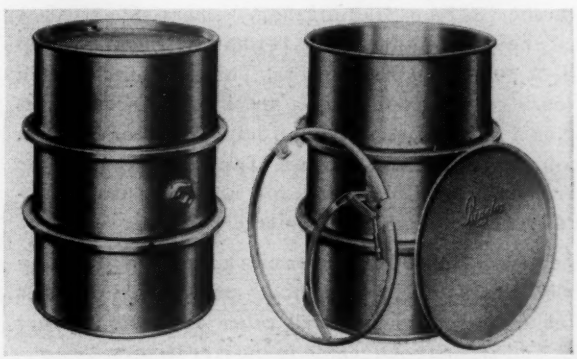
Republic Offers Several Answers To Corrosion Questions

For example, Republic High Strength Steels provide from 4 to 6 times as much resistance as ordinary steel to atmospheric corrosion. This means added life for railroad cars, trucks and similar equipment.

And, in metal drainage structures, Republic Toncan Iron, with a double helping of copper plus the correct addition of molybdenum, gives maximum corrosion-resistance to corrugated pipe buried in the earth.

Republic Enduro Stainless Steel stands second highest on our list of corrosion-resistant metals. Only Republic Titanium offers greater protection against corrosion. Republic Enduro Stainless Steel, in a variety of grades, is still the most economical metal available for most sanitary and corrosive applications.

For any corrosion problem, there's a Republic answer based on decades of experience and unbiased in favor of any one material. Republic makes many corrosion-resistant metals and alloys.



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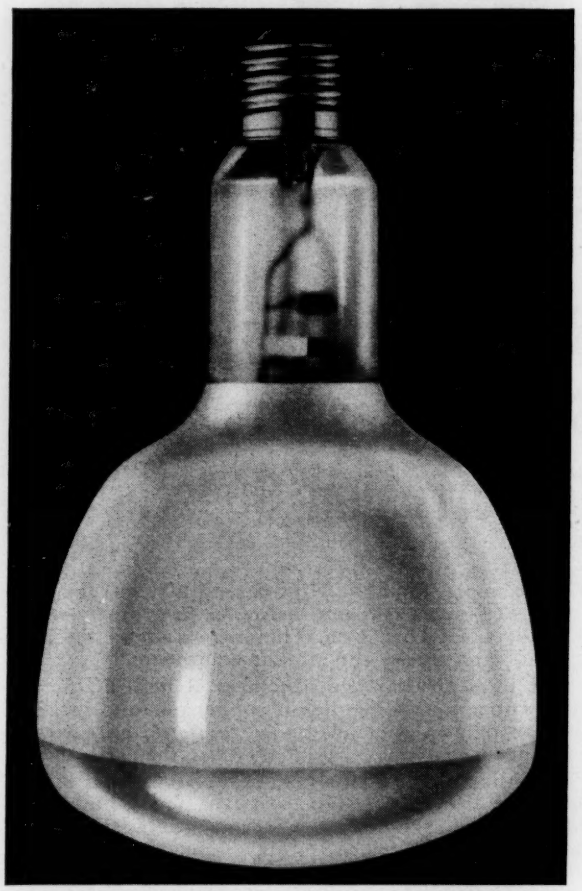
. . . another advance in mercury lighting from G. E.

Now 54% more light from G-E 400-watt mercury lamp

New General Electric H400-RC1 gives top color balance, too



In another mercury lighting first, General Electric has raised the light output of the H400-RC1 mercury lamp from 12,300 to 19,000 lumens! This 54% increase in efficiency results from using a special fluorescent phosphor as a reflector as well as to improve color balance. Its color characteristics are best of any mercury lamp for general lighting. Color rendition approximates a mixture of ⅓ filament light and ⅔ mercury light.

The new G-E H400-RC1 mercury lamp has a life rating of 6000 hours at 5 or more hours per start. It operates on the same equipment as all other 400-watt mercury lamps and is interchangeable in most reflectors.

With its controlled beam, good color, easy maintenance, and high light output, it is first choice for most mercury lighting applications.

For more information on how this new mercury lamp can fit your operation, call your G-E Lamp supplier, or write General Electric Company, Lamp Division, Dept. 482-USNWR-6, Nela Park, Cleveland 12, Ohio.

COMPARE NEW G-E RC1 WITH OTHER 400-WATT MERCURY TYPES

NEW RC1 VS H400-E1

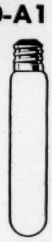
- Light on the work equal or greater in most equipment
- Adds color balance
- Less maintenance

NEW RC1 VS H400-J1

- Delivers 10-20% more light on the work in most equipment
- Has somewhat better color balance
- Lower cost of light

NEW RC1 VS H400-A1

- 35% more light on the work in most equipment
- Has good color balance
- Lower cost of light



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A LOOK AHEAD

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A Conservative victory in Britain means this to U.S. politicians:

Republicans, with continued prosperity, will be hard to beat in 1956. Eisenhower, probably, is not the only Republican who could win the Presidency.

Prosperity and peace are issues that are tough to lick.

Democrats, if up against the task of campaigning against prosperity and peace, very probably can lose Congress. Labor, in Britain, lost heavily when campaigning against contentment with things as they are. Radical appeal in U.S. next year may readily bump up against the same resistance.

Britain's election will have its influence on U.S. politics.

A tide of conservatism actually appears to be running in the world.

Australia started it in December, 1949, defeating Labor. Britain then came along in October, 1950, defeating the Socialists, electing Churchill.

The U.S. followed with Republican victory in 1952. Germany gave a sweep for conservatives with a big Adenauer victory in 1953. Britain now is back with a big new victory for the Conservatives, defeat for Labor.

It's been much the same in smaller countries, too. Even Russia, at the moment, seems to be troubled by discontent with left-wing methods.

People appear tired of turmoil and controversy and radical experiment. Politicians, sensing that, will make their plans accordingly. Democrats, quite probably, will continue to play a cautious game in U.S., avoiding an open attack. Republicans will go ahead plugging peace and prosperity.

What you can be almost certain of for next 18 months is this:

A bias toward inflation will continue. Money will be kept abundant, will not be tightened much or made hard to get. Interest will be kept at moderate rates. Credit use will meet moderate restraints at most.

Taxes will be cut on 1956 income. Tax reductions will favor individuals. Cutting, when done, will be guided by conservative principles.

Government will use its power to try to keep prosperity rolling.

Business itself is moving now toward moderate seasonal slowing.

Autos are past their peak, headed down. Auto output is likely to face rather severe cuts, strike or no strike. Steel will slow somewhat, along with autos. Steel outlook, however, remains good for the year.

Building activity is underwritten for months ahead at a record rate.

Machinery production will move up somewhat to help offset the decline in autos. Aluminum industry will continue to be pressed to meet demands. Cement will, too. Aircraft output is to be pushed up to meet military schedules that

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are being speeded. Oil demand, booming, will continue high. Chemicals are in a rising trend. Textile outlook will continue to be good.

Outlook for business as a whole is strong for the next year at least. Summer lag will be followed by an autumn pickup and a winter-spring boom.

Rates of pay are being marked up. Employment, at near-record levels and rising, means rising income. Retail trade is booming as people spend their record income. Vacation travel is going to break all records this year with accommodations likely to be short during the summer season.

Cigarette smoking, lower in 1954, is rising again in 1955. Tax returns show smoking to be running about 5 per cent above a year ago, suggesting that the cancer scare is beginning to wear off, as the industry expected.

Congress will do nothing to disturb the country's growing optimism.

Big new highway program will be voted. Superhighways will be given big subsidies. Aid for school building seems assured for next year, if not for this. Appropriations are being voted with few cuts.

Foreign aid will continue at about present levels. Farm price supports will continue to be flexible. Minimum wage may be raised to 90 cents an hour from the present 75, but not higher. Health reinsurance remains blocked.

Polio vaccine for school children seems assured of a subsidy.

Taft-Hartley Act will not be altered. Pay increases will be given to Government workers to match, in part, the increases in industry.

Pension plans very probably are to be made more liberal next year.

Wives of retired workers may then start drawing benefits at age 60. Working women, in that case, could retire at 60. Age now is 65 and there is much political pressure to lower it to 60 to assure maximum benefits to the married man who retires at 65 with a wife younger than he is.

Permanent and total disability may be considered for insurance, too.

The cost? It's estimated at 750 millions the first year if women are assured retirement income at age 60, rising to around 2 billions a year. That would add about 1 per cent of payrolls to the cost. Disability insurance, if voted, would cost 1 billion to 1.4 billions a year.

Political appeal of pension plans is found to be very strong.

Flare-up over U.S. standing in arms race concerns how much is enough.

Eisenhower view is that U.S.--with 1,500 jet bombers, with hundreds of A-bombs and a growing stockpile of H-bombs, with 100 operational bases that ring Russia from all sides--is in a secure position, capable of destroying an attacker foolhardy enough to launch an attack involving U.S.

Opposing view is that the Russians now have copied the biggest bombers of U.S. and are beginning to turn them out, with the result that Russia is becoming capable of an attack upon the United States, causing U.S. to become less secure and in need of increasing the planned size of the Air Force.

The outcome of the argument: A decision to speed up production of big new jet bombers, but not to increase the goal of 137 air wings by 1957.

Eden victory in Great Britain is very pleasing to Ike. It is an assurance that Britain and U.S. can reconcile viewpoints on most world issues.

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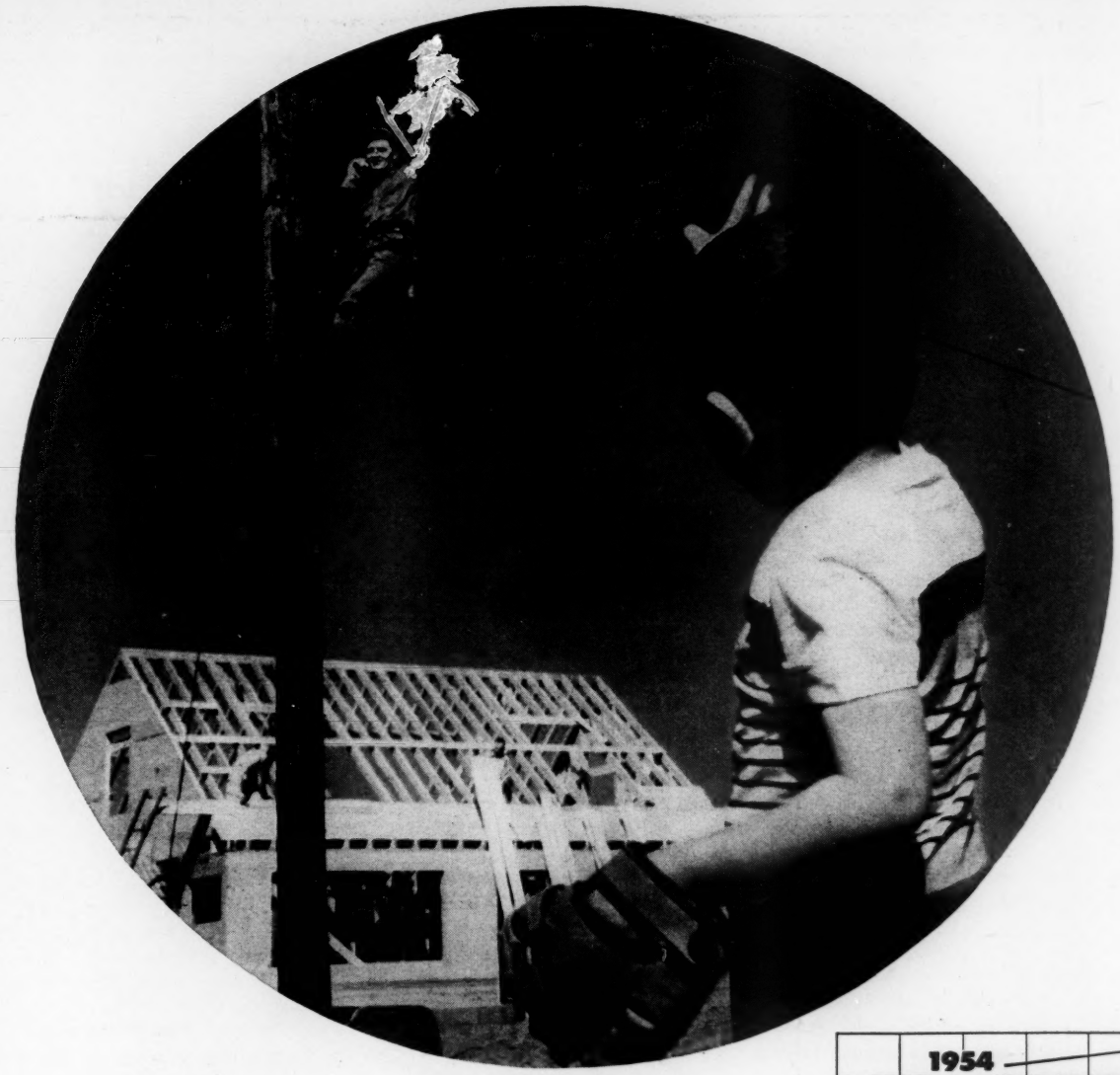

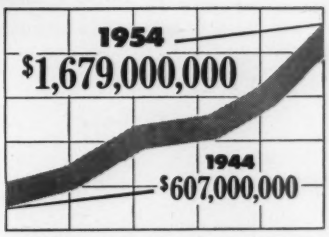

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[Items appearing on this page are reported in Washington and other news centers]

Ike Taboos Second-Term Talk . . . New "Mink Coat" Scandals? . . . Pressure for Trade With Communists

White House staff members are under orders not to discuss the subject of a second term for President Eisenhower. Aides of the President have been inclined to point out reasons why Mr. Eisenhower would accept a draft in 1956.

★ ★ ★

Mr. Eisenhower spent the better part of 45 minutes giving a lecture to a group of Wisconsin women who paid him a visit wearing big buttons that said: "Vigilant Women for the Bricker Amendment." Ike gave them an exposition on why he thought they were wrong.

★ ★ ★

The President is very annoyed by the disorderly procedure that has led to trouble over testing and distribution of polio vaccine. He is inclined to blame Government officials who failed to foresee problems that would arise.

★ ★ ★

U. S. military officials have been told bluntly by President Eisenhower that in the future he or the Secretary of State will do any predicting that is to be done about the prospect for war. The lid is on all talk of war.

★ ★ ★

The President is having some difficulty finding a woman to take the Cabinet job of Secretary of Health, Education and Welfare when Mrs. Oveta Culp Hobby leaves. It may be that a man will get that post, which members of Congress regard as so politically important.

★ ★ ★

Thomas Dewey, former New York Governor and two-time nominee of the Republicans for the Presidency, is to lose his control over federal patronage in New York State. Important Republican politicians have complained to the President that the party would have difficulty in New York next year if the White House continued to turn to Mr. Dewey for selection of individuals to fill important jobs.

★ ★ ★

Charles E. Wilson, Secretary of Defense, is having a study made of Government arsenals to see whether the armed forces can get out of the weapons-manufacturing business that they have been in through much of the country's history. Military officers are pointing out privately that Government arsenals have kept alive the art of munitions manufacture during lean as well as fat years, and they fear the long-term effect on defense if these arsenals should be disposed of.

★ ★ ★

Sam Rayburn, House Speaker, is credited with shaping strategy that calls for Democrats to keep needling George Humphrey, Treasury Secretary, and other officials with charges that they are doing favors for the country's wealthy individuals and corporations. A favorite Democratic target is the subject of "tax loopholes."

★ ★ ★

John McClellan, Arkansas Senator and chairman of the Senate watchdog committee on Government Operations, is inclined to think that he is just scratching the surface of irregularities in military buying that he expects will show the country that a Republican Administration can have its "mink coat" scandals, too.

★ ★ ★

President Eisenhower is coming under great and growing pressure to lower bars to trade with Russia and other Communist states.

★ ★ ★

Richard Nixon, Vice President, is not being groomed as the man to carry on peace negotiations with the Russians if President Eisenhower does find a basis for future talks about peace in the "cold war." John Foster Dulles, Secretary of State, is to get the top negotiating job.

★ ★ ★

V. M. Molotov, Russia's Foreign Minister and top hatchet man, reportedly told acquaintances during his recent visit to Vienna that his appearance at the coming United Nations meeting in San Francisco would be his last as Foreign Minister. Andrei Gromyko, Deputy Foreign Minister, and no mental giant, is being talked of as Molotov's successor.

★ ★ ★

American diplomats, talking with Russia's Molotov, were greatly impressed by his English-speaking interpreter who not only translated but apparently had influence. He turned out to be the son of Alexander Troyanovsky, former Soviet Ambassador to U. S., who once attended school in Washington. The elder Troyanovsky was demoted to a low-grade job because of his friendship for U. S.

★ ★ ★

Top generals in Russia are beginning to talk of a "preventive war" against the United States to be launched when this country least expects it. American generals are uncertain whether the Russians really mean it or are just whistling to keep up their courage.

★ ★ ★

Sir Winston Churchill's success in passing on the Prime Ministry of Britain to Sir Anthony Eden is reported by some of President Eisenhower's friends to have made its impression on Ike's thinking about 1956 in this country. The President keeps talking about younger men in the Republican Party who are qualified to fill his job.

What it Takes to Pipe the Atom

No power piping or chemical process piping job is too large or complex for The M. W. Kellogg Company. At the AEC's billion-dollar gaseous diffusion plant, Paducah, Kentucky, it entails the installation of 3,450,000 feet of tubing and pipe for the main process, auxiliary, and instrument piping, and represents 17,500,000 total man-hours—850,000 engineering, 2,600,000 welding. M. W. Kellogg also will test the system prior to use.

M. W. Kellogg's responsibility started long before a single length of pipe could be put in place. It included an on-the-site welding school—to help all contractors master unfamiliar techniques, and a temporary pipe fabricating and fitting shop costing one million dollars. Once work was started, the control system to prevent product contamination was so strict that not even a thumbprint was allowed on the interior of the pipe.

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PEOPLE ★ ★ ★

OF THE WEEK

› STUART SYMINGTON provides a powerful voice for the U. S. Air Force in the Senate. The Democratic Senator from Missouri has accumulated a fund of inside information about air power over a long period of time. Now he is providing public impetus for a speed-up in U. S. plane production.

As an industrialist during World War II, Mr. Symington manufactured vital parts for bombers, was detailed in 1941 to study British aircraft armament for the War Department, has kept close to the field ever since. When the Air Force became a separate service during the Truman Administration, he became its first Secretary. He has many friends in the upper ranks of the Air Force; and he receives a great deal of information about U. S. and Soviet air strength.

Nearly a year ago, the Senator told his colleagues: "The Communists are making heavy sacrifices to outstrip us in the race for control of the air. . . ." He predicted that, under current programs, the Russians would have quantities of 5,000-mile guided missiles, carrying hydrogen warheads, before the U. S. does.

As Air Secretary, Mr. Symington hurried the B-47 jet bomber into production. He believes in faster development, heavy spending on weapons. Democrats, backing him, are prodding a step-up in production of eight-jet B-52 bombers—and are shaping a political issue for 1956 over defense.

› DAVID J. McDONALD, head of the CIO United Steelworkers, gets a chance next week to see if his policy of "getting along with the boss" is still paying off.

Wage negotiations between the unions and the steelmakers are to open June 7. Mr. McDonald is seeking a pay increase for 600,000 workers in basic steel plants, under a reopening clause in the union contract. Pay is the only issue that can be brought up. What Mr. McDonald is after is a wage increase without a strike. Although Mr. McDonald advocates an annual wage, he will not discuss it now.

Last year the Steelworkers president won a raise of 5 cents an hour plus an increase in pension benefits. This year he is expected to get another pay raise, without a strike. Best guess right now is that the raise may be about 10 cents an hour.

Mr. McDonald is something of an unusual figure among union leaders, is trying to mark new paths in the thicket of labor relations. To him, the long "class war" between labor and industry is a thing of the past. He and steel-firm officials have toured plants together, trying to solve problems before they turn into strike grievances. His present feud is with another labor leader—Walter Reuther, president of the CIO.

› ESTES KEFAUVER is on the road with another investigation into organized crime.

Four years ago, the Democratic Senator from Tennessee made his name a household word by conducting televised inquiries into crime. Notorious criminals paraded before the cameras as the investigation traveled to major cities. Resulting publicity played a part in the Senator's bid for the Democratic presidential nomination.

The new investigation, just starting on tour, is concerned with juvenile de-

(Continued on page 16)

NEW CHIEFS OF STAFF: MORE HARMONY AMONG THE BRASS?

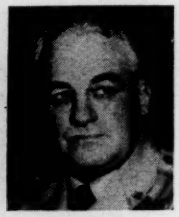
› HAND-PICKED MEN who may be more of one mind in backing Administration concepts of U. S. defense policy are to make up the Joint Chiefs of Staff, now that President Eisenhower has completed a mid-term shake-up that he deliberately planned two years ago.

Newest appointment is that of **Rear Adm. Arleigh A. Burke** to become Chief of Naval Operations upon retirement of Adm. Robert B. Carney in August. Choice of Admiral Burke comes soon after the President picked **Gen. Maxwell D. Taylor** to succeed Gen. Matthew B. Ridgway as Chief of Staff of the Army.

Reappointed for another two years are **Gen. Nathan F. Twining,** as Air Force Chief of Staff, and **Adm. Arthur W. Radford,** as Chairman of the Joint Chiefs.

Officers familiar with interplay of personalities in the upper ranks believe Admiral Burke was lifted to top naval command, in part, because of his close association with Admiral Radford. They were allied, six years ago, in the so-called "revolt of the admirals" when the Navy bitterly fought the prime role given to Air Force long-range bombers. At that time, Admiral Burke charged that carrier aviation was being neglected. Now, with the Navy building a new supercarrier every year, the CNO-designate says naval aviation is in good shape.

RADFORD



TWINING

TAYLOR

BURKE

Admiral Burke was raised two stars in rank and was jumped over 90 higher-ranking admirals into the CNO post. He is regarded as a brilliant officer—and a scrappy one, whether fighting with an enemy at sea or for a policy in the Pentagon. The new Army Chief of Staff, General Taylor, was well known to President Eisenhower, had served under him in World War II.

Under law, Chiefs of all three services can be named for four-year terms, and in the past usually have been. Legal term of the Chairman is two years, and he can be reappointed. Two years ago, when picking "new look" Chiefs, the Administration made all appointments for two years only—a policy change that Secretary of Defense Charles E. Wilson explained "was thought better" than four-year terms. That made it possible to change Joint Chiefs in mid-Administration without firing anybody during a political furor.

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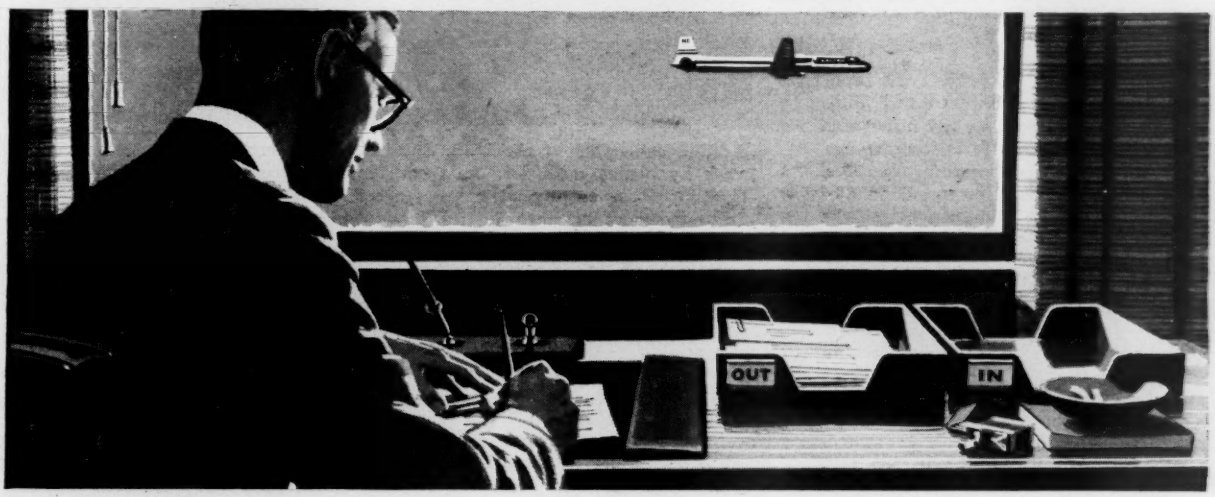

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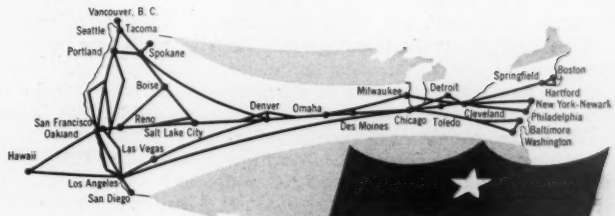

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linquency. First public hearings in New York centered upon nation-wide traffic in pornography peddled to teen-age children. The committee that Mr. Kefauver heads has estimated sales of "filth" in pictures, movies, booklets may run as high as 300 million dollars a year, part of it from children's pocket money. Televised hearings are being permitted, and major cities are slated as sites.

This time, however, television may prove to be a boomerang. Experience so far suggests that "live" television could turn out too spicy for fireside consumption, that for television the hearings may have to be filmed and edited. You can expect the hearings to produce more headlines. Those headlines may be a prelude to another bid by Senator Kefauver for nomination as President.

› REAR ADM. H. G. RICKOVER probably knows more about building ships with atomic engines than any other man in the United States. He is the man behind the atomic submarine *Nautilus*, heads both the Naval Reactors Branch of the Atomic Energy Commission and the Nuclear Power Division of the Navy's Bureau of Ships. He is trying to convince Congress that atomic-powered superliners and merchant ships still are a long way off.

"I have learned since I have been in Washington that about 90 per cent of the stuff that I read about atomic energy is a lot of hogwash . . ." he said in hearings before the Merchant Marine Committee of the House.

When can atom-powered merchant ships be expected?

". . . It will probably be at least 10 to 15 years before you will have economic power ashore. And it is easier to build a competitive power plant ashore than it is on a ship."

What should Congress do?

"I think you, the Committee, should become somewhat more familiar with the technical aspects of it, perhaps by visits, so you will know more what you are talking about firsthand. . . ." He promised to try to arrange the visits, perhaps to the *Nautilus* and to a factory where atomic reactors are made.

The Admiral also suggests a "marriage" between AEC and the Maritime Commission like that between AEC and the Navy.

› ANEURIN BEVAN, the flamboyant Socialist orator in British politics, comes out of the Labor Party's defeat in the British elections with a strong chance of taking over control of the party. Among party politicians, the moderate policies advocated by former Prime Minister Clement Attlee are discredited and Bevanism is on the rise. There still is strong doubt, however, whether Mr. Bevan ever could win control of the Government, become Prime Minister.

For instance, in last week's election, Mr. Bevan's majority, in winning reelection to Parliament, was cut by more than 10 per cent. Two of his prime associates in the bitter anti-American bloc of the party—Michael Foot, waspish editor of the Bevanite weekly, the *Tribune*, and Geoffrey Bing, for whom Bevan campaigned personally—were defeated. Other Bevanites were returned to Parliament with reduced majorities from the last previous election, in 1951.

A leftward move by the party appears inevitable. There will be stronger criticism of the U.S., pressure against rearmament. But many Britons willing to vote for Mr. Attlee appear to be satisfied with present prosperity, may be unwilling to take the strong doses of Socialism prescribed by Mr. Bevan. The Labor Party's future probably is related to the well-being of Britain, with radicalism in decline during prosperous times.

—USN&WR Photo

› NINE JUSTICES of the U. S. Supreme Court broke with precedent last week by posing outdoors, on a courtyard terrace of the Supreme Court Building for their formal group portrait, This is the first picture of the Court to be made since Justice John Marshall Harlan was confirmed by the Senate, as well as the first ever taken out of doors.

In this photograph, seated left to right, are Associate Justices Felix Frankfurter and Hugo L. Black, Chief Justice Earl Warren, and Associate Justices Stanley F. Reed and William O. Douglas. Standing, left to right, are Associate Justices Sherman Minton, Harold H. Burton, Tom C. Clark, and Harlan.

› JOHN F. KENNEDY, a youthful Senator from Massachusetts, is getting back into the swing of politics again. For seven months he was gone from Washington—recovering from World War II wounds. During the war, the PT boat he commanded was rammed by a Japanese destroyer, Mr. Kennedy's back was injured. Delicate operations and long recuperation now have him back on his feet—without the crutches he carried during part of last year's session.

Back at his office, the 36-year-old Senator found a welcoming basket of fruit from Vice President Richard M. Nixon. On the Senate floor, he was greeted with speeches by Floor Leaders of both parties—Senator Lyndon B. Johnson (Dem.), of Texas, and Senator William F. Knowland (Rep.), of California. Mr. Kennedy disclosed that he had written a book on highlights of Senate history, that he also had read the *Congressional Record* regularly, was ready to get back to work.

An early big vote came on rival plans for big road-building programs. Mr. Kennedy, a Democrat, voted with a minority of Republicans—on the losing side.

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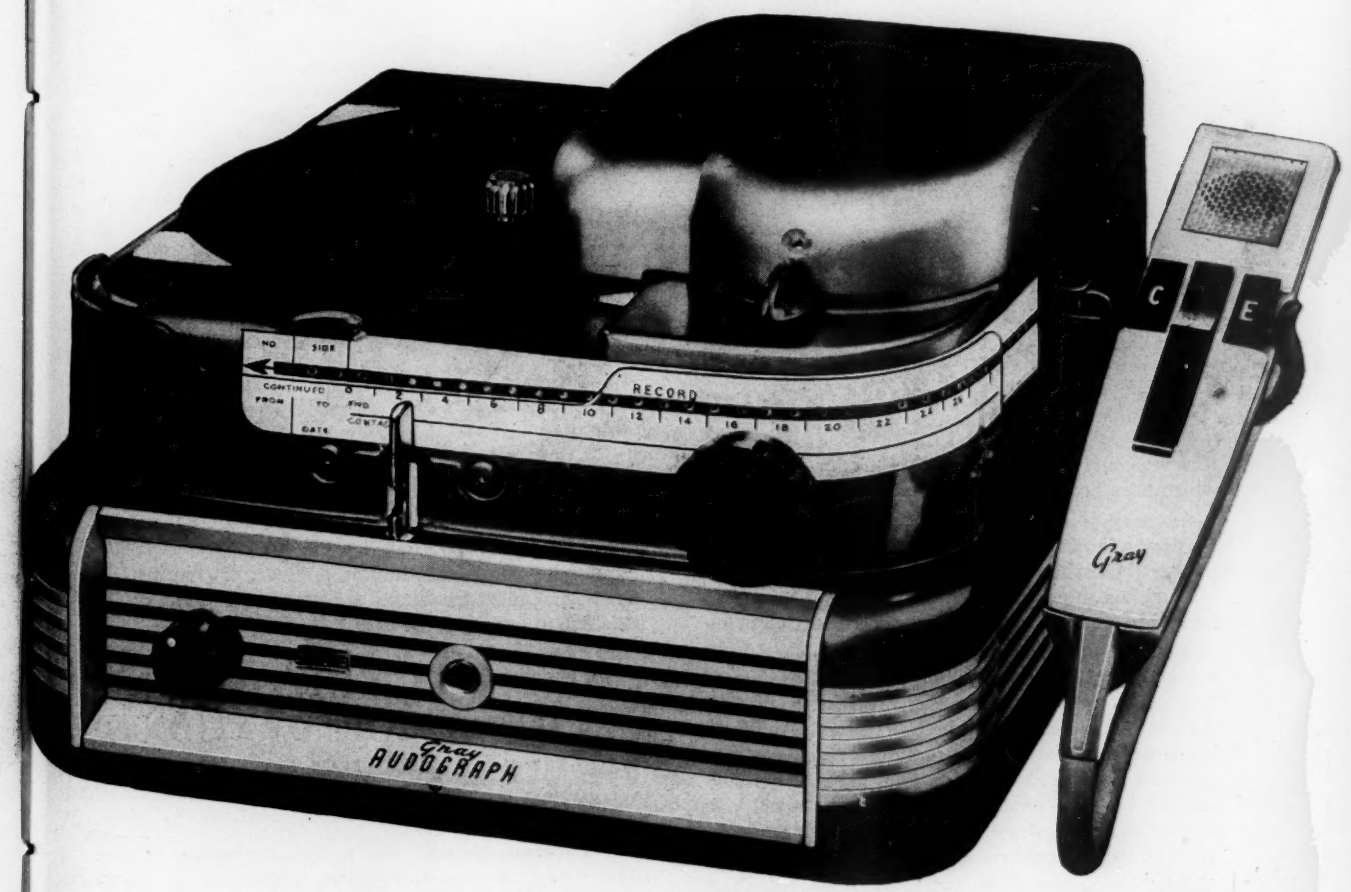

The GRAY MANUFACTURING COMPANY, Hartford 1, Connecticut

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Raw wool arrives at textile mills in the form of fleeces which have been graded and packed in bags or bales.

As much as 70% of the weight of raw wool may consist of impurities which must be removed before further processing. These impurities include natural oils and fats, suint (salts from perspiration), sand, dirt, burrs and plant fragments. The process of removing these impurities is known as scouring.

About 90% of all wool processed in the United States is scoured by the water-alkali-soap method. The fleeces are moved along through several long vats. Agitation must be kept to a minimum to prevent felting (matting together of the wool fibers). Typically, the first vat may contain a warm water rinse only, the second and third, warmer water with alkali and soap, and the fourth and fifth, water rinses.

Soda ash is the alkali used. Strong alkalies attack wool fibers, but soda ash is mild enough that it will not harm the wool if carefully controlled. It is also inexpensive and an effective detergent. It emulsifies the wool fats and suspends loose dirt. It also saponifies (changes into soluble soaps) any fatty acids present.

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IS U.S. LOSING ARMS RACE TO RUSSIA?

In Planes, It's a Question—In Bases, No

Who's ahead in air strength depends on how you measure it. The facts show why.

In numbers of new-model jets, Russia may be ahead now with thousands of supersonic MIG's, some jet bombers reported on hand.

In net striking power, however, officials think U.S. has a big lead at present.

Result: U.S. air build-up will be speeded now to help keep a lead considered effective—but air goals are not to be raised yet.

Alarms once again are being sounded that Russia is pushing ahead of the U.S. in the arms race now going on.

The basis for these alarms, sounded by Air Force leaders among others, is a display by the Russians of new-type planes in numbers greater than expected.

To counter the Russian threat, the U.S. Air Force is now stepping up production rates of some jet models and is talking about a restudy of its planned expansion. As Gen. Nathan F. Twining, Air Force Chief of Staff, puts it: "These new Soviet advances in air power must be taken into account in the continuous review of our air strength." The present plan for Air Force expansion calls for an increase in air wings from 121 today to 137 by 1957.

President's position. A lead for Russia in the arms race, however, is not conceded by President Eisenhower or by Charles E. Wilson, Secretary of Defense. The President says "it is just not true" that U.S. has lost its air superiority, and Mr. Wilson backs him up. Neither official is showing any sign of agreeing that goals for air wings should be raised.

You can see from the charts on pages 20 and 21 what lies back of the differing conclusions drawn.

On a late-model, plane-for-plane basis, the picture now being offered by the Air Force suggests that Russia is on a par, or approaching a par, with this country in long-range bombers and has surpassed the U.S. in fighters. Gen. Thomas D. White, Air Force Vice Chief of Staff, gives the Russians an edge of "thousands" of supersonic jet fighters, for a big lead in the total number of new planes.

Secretary Wilson Says—

In his press conference last week, Defense Secretary Charles E. Wilson stated:

"It is our job within the Department of Defense to be alert to insure that the United States maintains its lead in air power and the technology that produces that power. We have had lots of experience in building bombers and we are building an entire family of aircraft capable of delivering all the weapons in our arsenal, both conventional and nuclear, and we are constantly improving our airplanes.

"It would be foolhardy to deny that the Soviets are likewise improving in technology and production. Our lead can and must be maintained by aggressive research, proper programming and quantity and quality production.

". . . It is our aim to maintain a military capability superior to that of any potential enemy. We can and are doing this."

In the field of medium jet bombers, the U.S. is well ahead. It is this type of plane, the B-47, which comprises the backbone of the U.S. Strategic Air Command now. At least 1,500 of the U.S. model have been built, with 50 of the Russian model known to be flying. Each version has virtually unlimited range, with aerial refueling.

A-bombs and bases. It is in two fields other than numbers of aircraft, however, that the United States is regarded by the President as holding a decisive lead.

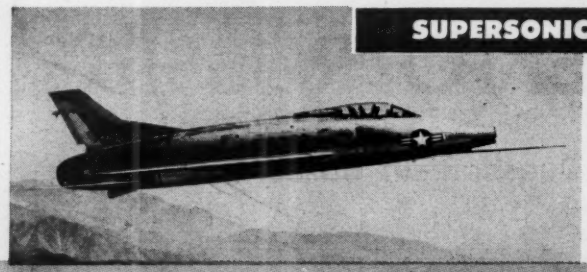
In terms of atomic and hydrogen weapons, which underlie all present calculations related to war, the United States is felt to be on top. Weapons stockpiles are large, running high in the thousands. New American varieties offer powerful, specialized weapons, as well, with capabilities known to be beyond those of models tested by Russia thus far.

With this U.S. atomic arsenal, General Twining reports: "It is also a fact of history that no nation has ever endured the destruction that our Air Force can deliver in a matter of days. No nation in history has ever taken one tenth as much without surrendering."

The bigger American lead, though, is in terms of bases, both for defense and for attack. No matter where they look, rulers of the Communist empire find them-

Latest U. S. and Russian Planes:

SUPERSONIC JET FIGHTERS

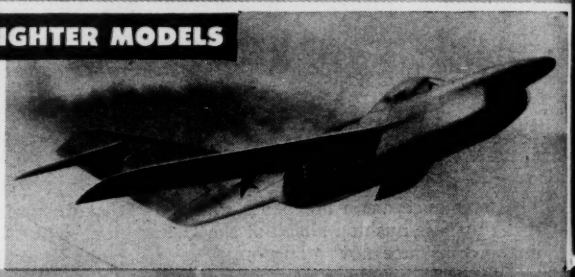


U.S. F-100 Super Sabre, able to fly faster than sound, now getting into production. Only one squadron in operation as yet.

Russian MIG-17, also supersonic, already in mass production. "Thousands" reported to be on hand, now replacing standard MIG-15s.

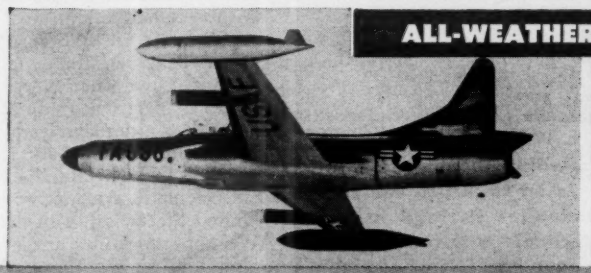
FORTHCOMING FIGHTER MODELS

U.S. F-104 can exceed 1,000 mph, shows "outstanding performance." But only two are built so far. Goal for use in squadrons: 1957.

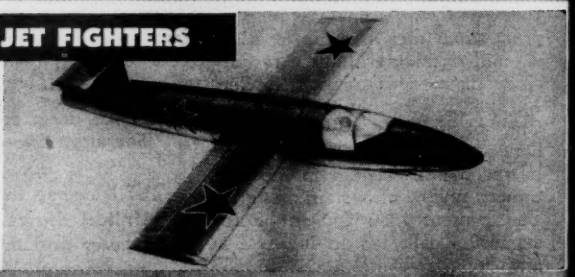


Russian 1,000-mph jet interceptor already is in production. About 50 sighted in the air. Some used in squadrons now.
(Drawing is of MIG-19, latest in the MIG family of fast jets.)

ALL-WEATHER JET FIGHTERS



U.S. F-94C is in limited service now. About 400 built to date. Able to intercept enemy bombers at night or in bad weather.



Better all-weather jet is reported in production in Russia. At least 30 observed in flight. Has a straight-wing, high-speed design.
(Drawing is of Yak-21, a rocket-powered interceptor.)

Illustrations—*Air Force* Magazine, Navy Department; Photos—Boeing, North American, Lockheed

selves peering at American and Allied bomber bases within easy jet-flying range. Whenever they turn to the problem of defense against these bases, the Red rulers find their problem complicated by a vast perimeter of 14,000 miles, wide open for air attack.

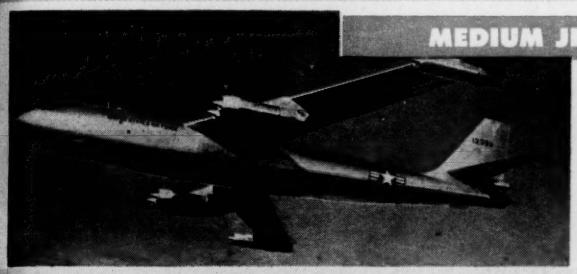
From its network of about 100 usable overseas air bases, U. S. can strike back at Russia from all directions, with no chance that a Soviet surprise attack would knock out all of those bases before retaliation can occur. For example, American B-47 jet bombers, traveling at 600 miles an hour, can strike targets within Russia with atomic or hydrogen weapons in only 2 hours from bases in France, or 1 hour from bases in Greece, 1 hour from bases in Alaska, less than 3 hours from many bases in Britain.

Impossible task for Reds. At this time, in other words, U. S. can wreck Russia, far worse than either Germany or Japan was wrecked, by using the planes and weapons on hand. Russia cannot hope to stop this retaliation attack without knocking out 100 alternate U. S. bases at one blow, considered to be an impossible military task.

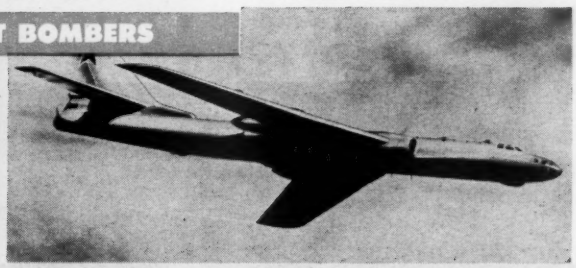
Russia, without overseas bases, is strictly limited in what she can do. Any bomber attack against the U. S. must cross the Arctic, must approach U. S. from the Northeast or Northwest. In approaching this country, Soviet planes must cross Greenland, Canada, Norway, Newfoundland, Labrador, the Aleutians or Alaska, all friendly to the U. S. and apt to provide warning or interception of attacking

HOW THEY COMPARE

MEDIUM JET BOMBERS

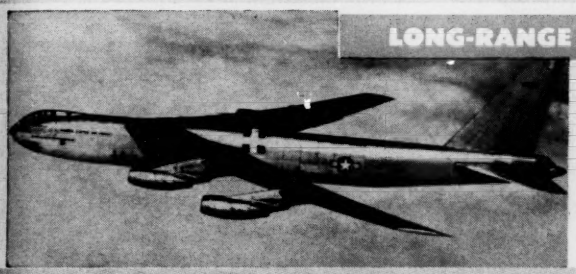


U.S. B-47 is in mass production, with 1,500 in use now. Backbone of Strategic Air Command, 80% of bombers used. Unlimited range, with refueling.

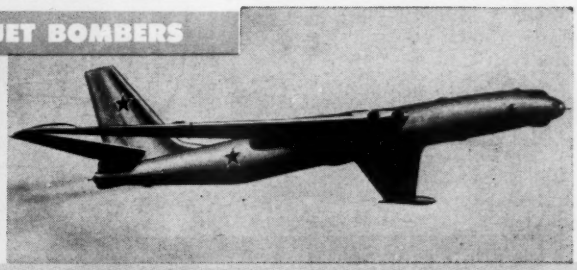


Russian "Type 39" (Badger) now in limited service, 50 known to be flying. Also capable of aerial refueling.

LONG-RANGE JET BOMBERS



U.S. B-52 coming into production. About 30 built now. First squadron of these intercontinental jets to be started next July.



Russian "Type 37" (Bison) also coming into production. At least 10 known to be flying. Presumably can reach targets in U.S.

IT ADDS UP TO THIS:

Russia's new jet fighters far outnumber similar U.S. jet models. American medium bombers, of proven performance, far outnumber Russia's. The two countries appear to be about equally advanced in long-range jet bombers.

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air fleets. U. S. defense planners report that antibomber measures for meeting such an attack, moreover, can be concentrated across only 1,800 miles of the Far North.

The Russian base nearest the U. S. is at the tip of Siberia, near Bering Strait. It is about 2,300 miles away from Seattle, 3,500 miles from Chicago, and it is the only base anywhere near that close. The U. S. has that base under constant surveillance from its Air Force base at Fairbanks, Alaska, less than 700 miles away. Other Russian bases from which attacks can be launched are much farther away—most of them 5,000 miles or more from U. S. target areas.

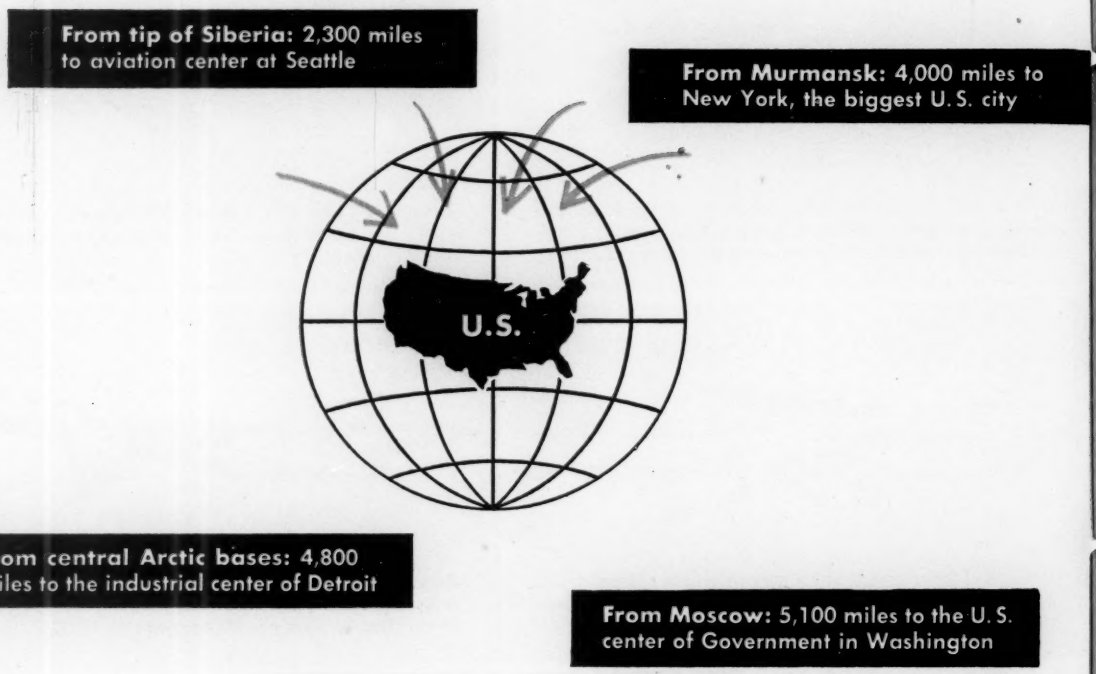
How concern started. Just what touched off the alarm in the first place? Secretary Wilson tells what happened during Soviet air rehearsals over Red Square in Moscow, where the new models of Russian jets were displayed. His report:

"They [the Russians] displayed more than 50 new supersonic day fighters and more than 30 new all-weather fighters, both in operational numbers.

"They displayed more than 40 new medium bombers, known for the first time last year as a prototype. They showed at least nine new aircraft powered with turboprops, the first time they have displayed aircraft so powered. They displayed 10 or more long-range heavy bombers, after showing just one last year. This is comparable to our own B-52, which we are producing.

"It is recognized that the Soviets,

RUSSIA, WITHOUT BASES, CAN BOMB U. S. ONLY BY ATTACKING FROM THE NORTH


From tip of Siberia: 2,300 miles to aviation center at Seattle
From Murmansk: 4,000 miles to New York, the biggest U. S. city
U.S.
From central Arctic bases: 4,800 miles to the industrial center of Detroit
From Moscow: 5,100 miles to the U. S. center of Government in Washington

IN OTHER WORDS: Russian bombers, to reach U. S., must travel long distances over polar waters or across countries friendly to the United States. The U. S. can concentrate its defenses across an arc of 1,800 miles.

through this display, demonstrated an ability to produce long-range aircraft."

Surprise attack by Reds? There is a new indication, too, that Russian leaders might be preparing their own military officers for a surprise attack on the West, under the guise of a "preventive" war. An article by Russia's First Deputy Minister of Defense, Marshal Alexander M. Vasilevsky, in the Soviet newspaper *Izvestia* of May 8, is aimed at Soviet staff officers and concludes that:

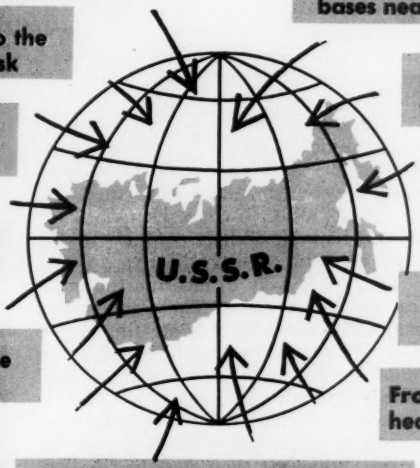
"Soviet warriors are preparing themselves for difficult struggle against a powerful, technically well-equipped enemy, and are constantly perfecting their military and political preparedness. Army, Air Force and Navy personnel are being trained in a spirit of decisive offensive operations, unswerving loyalty to the military oath, and selfless fulfillment of military duty."

What's behind the Russian disclosure of numerous late-model aircraft and this hint of offensive operations to be launched against the West? Secretary Wilson's answer is:

"I, of course, don't know exactly. It might have something to do with some of the meetings that are potentially scheduled, or something like that. Possibly they wanted to have us get all upset and argue among ourselves about the thing and maybe do something foolish in connection with the whole business."

What key men think. Top defense officials, in any event, are convinced that Russian planes shown in the recent "fly-

U. S., WITH OVERSEAS BASES, CAN STRIKE RUSSIA HARD FROM ALL DIRECTIONS



From Greenland: 2,000 miles to big air bases in Central Russia

From Alaska: 700 miles to air bases near the tip of Siberia

From Britain: 1,600 miles to the submarine bases at Murmansk

From Pacific carriers: 500 miles to big naval base on Kamchatka

From France: 1,200 miles to iron and steel center at Leningrad

From Japan: 2,000 miles to the atomic center of Irkutsk

From French Morocco: 2,600 miles to Moscow industrial area

From Guam: 2,200 miles to submarine base at Vladivostok

From Tripoli: 1,300 miles to the major oil center near Rumania

From Okinawa: 2,200 miles to heavy-weapons center at Lake Baikal

From Greece: 600 miles to the Ukraine's iron and steel industry

From Mediterranean carriers: 800 miles to the oil center of Baku

From the Philippines: 3,700 miles to the transport center at Omsk

From Turkey: 1,800 miles to the steel center around Magnitogorsk

From Saudi Arabia: 2,000 miles to new industry behind the Urals

IN OTHER WORDS: Russia, with an extended defense line of 14,000 miles, must be organized to detect and to attempt interception of U. S. planes from any direction—since American air bases ring the Soviet Union.

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by" are not indicative of an atomic attack against U. S. in 1955 or 1956, or even of a shift of air superiority from U. S. to Russia. They are emphatic on both of there points.

In summary, what these officials are saying is this:

• Russians may or may not have surpassed U. S. in the number of new jet planes, but the U. S. still retains a big edge in actual air power. It can strike quicker, more certain atomic blows in greater number, with a much better chance of getting through to targets, with no chance that all of all these blows will be prevented by a surprise Russian attack.

• Production of the new B-52 jet bomber is to be stepped up 35 per cent beyond previous schedules, in order to help hold this U. S. lead.

• Expansion of U. S. air strength will go ahead, meanwhile, along lines already planned. The goal will remain unchanged, with only the deadline moved closer, unless future developments call for another look at the plans. Basic strategy will still center on the deterrent effect of U. S. bombers.

Suppose these top planners are wrong and the Russians soon are found to be pushing far ahead in basic air strength? One ranking official answered that question in this way:

"I might be a little more concerned about it if a year and a half ago we hadn't expanded our facilities, and we can turn them on at an increased rate any time we see fit to do so."

EDEN'S VICTORY: MEANING TO U.S.

Peace-and-Prosperity Issue Good for "Ins"

You can expect these things in Britain, now that the Eden Government has its mandate:

At home—Britain is encouraged to move ahead, expand on its own. Threat of Socialist tinkering is further removed.

Abroad—U. S. gets a firm ally, with ideas of its own. Washington will not be able to call all the signals.

LONDON

To American politicians looking ahead to the 1956 campaign, this is what the outcome of the election in Britain suggests—

Peace in the world and good times at home make a winning combination for the party in power. The "outs" have a hard time finding an issue.

People who are better off than at any time they can remember are in no mood for change. They want just as little interference from the top as they can get.

Socialist ideas—even when toned down to a point where barely recognizable—don't have a strong appeal in boomtimes.

Families enjoying regular paydays and a chance at last to buy what they want are not easily frightened by campaign talk about inflation, H-bomb fall-out, or any unpleasantries that seem far away right now.

Good times prevail. In a Britain that has finally emerged from years of austerity and is now basking in peace and prosperity, the future is being entrusted to Sir Anthony Eden and the Conservatives, who are counted on to deliver more of the same.

The Labor Party, in defeat, is quite likely to move closer to the ideas of the left-winger, Aneurin Bevan. Two well-known Bevanites—Michael Foot and Geoffrey Bing—were defeated. However, Mr. Bevan, himself, and the rest of his top aides all returned to Parliament.

This is one way to measure the political atmosphere here: The Conservative campaign concentrated on the theme that Britain is "selling more, earning more, buying more, exporting more and eating more than it has at any time in history"—and the Conservatives were returned to office with a far bigger majority in Parliament than they had before. It marked the first time in nearly a century that a party in power increased its margin in the House of Commons through a general election.

On the surface, the new Government will not bring any sharp changes in Britain, one way or the other. But the fact that the Conservatives are in more solidly and have a stronger working majority is to have world-wide importance, particularly to the Eisenhower Administration in Washington.

Troubles lie ahead, but ways are expected to be found to keep the British boom going through careful management. There will be a tendency in London to step out in the world and to play a more active role as a major power. There may be some downward adjustment in military spending, but the trimming is not likely to be extreme.

Business is encouraged to branch out, to invest more, to venture into new and wider markets. Old fears of nationalization, of broad Government controls, are eased. Private enterprise can count on a freer rein.

New confidence. There will be less pressure to pull back inside the home islands and hope for the best. Labor's approach to the outside world tended to be one of caution and trying to avoid getting deeply tangled in differences between East and West. But the Labor arguments have lost out for the second election in a row. It gives the Conservatives more self-confidence to do things their own way.

Britain will continue ahead now with its plans to build a hydrogen-bomb arsenal. British troops will stay on in Europe with the Americans to face any threat of trouble from the Soviet armies. Moscow's attempts to bind Central Eu-

—Wide World

BRITONS LISTENED TO THE CONSERVATIVE CAMPAIGN THEME

". . . selling more, earning more, buying more, exporting more, eating more"

STANDING OF TWO MAJOR PARTIES IN BRITISH HOUSE OF COMMONS
BEFORE MAY 26 ELECTION
CONSERVATIVES and allies..... 320
SOCIALISTS and allies..... 295
AFTER MAY 26 ELECTION
CONSERVATIVES and allies..... 345
SOCIALISTS and allies..... 278
Estimated on basis of returns available day after election
Photo-Combine
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rope in a belt of neutrality and to cut the Germans away from Western defense plans get a setback.

With the Conservatives in control, the U. S. has a closer partner in international affairs. Baiting America—the political stock in trade of British left-wingers such as Aneurin Bevan—now loses some of its appeal.

More support for U. S. President Eisenhower and Secretary of State John Foster Dulles can count on more support for their policies in Asia and Europe than they would have had if the British had returned a Labor Government to power. That does not mean an automatic endorsement for everything that the U. S. proposes, however. The Eden Government has its own concept of how to manage the "cold war."

Neither Sir Anthony Eden nor Sir Winston Churchill, who preceded him as Prime Minister, for example, ever has been willing for Britain to get into a hot war to hold the Chinese offshore islands of Matsu and Quemoy for Nationalist China. This British Government is in no sense committed to a fighting defense for Formosa if it comes under Communist attack.

But there is much less pressure from Conservatives than there would have been from some Socialists to give in all the way to Red China, to put the Communists into the United Nations and to retire Chiang Kai-shek. The Conservatives will go along with any practical means they see to get an effective cease-fire in the Formosa Strait.

Ready for Big Four. The British look forward to talks with the top Russians now with far more eagerness than does President Eisenhower. For a long time, Sir Anthony agreed with official U. S. opinion that a Big Four meeting should be organized from the ground up. But, as popular pressure for a conference grew here in the midst of the campaign, he had no hesitancy in declaring himself ready to start at the top, now that the West Germans are free and fully allied to the West.

Thus, the Conservative victory in Britain doesn't mean that all differences between the U. S. and its British ally are going to vanish automatically. But, for many reasons, American officials find it easier to work with the Conservatives than with the Socialists. The Conservatives count heavily on their capacity to get a sympathetic hearing for their views in the U. S.

At home, the changes in the months ahead will be in methods more than anything else. Britain can expect something like a "Government by committee" operating in London, rather than the one-man domination always identified with Sir Winston Churchill as Prime Minister. Sir Anthony, now that the voters have endorsed him, is more inclined to parcel out the job with other top men such as Chancellor of the Exchequer R. A. Butler and Foreign Secretary Harold Macmillan.

No drastic shifts. The Conservatives are careful not to promise any sudden miracles. They haven't got the leeway for that. Britain still is too closely divided, politically, for the party in power to make any abrupt break with the immediate past. The "welfare state," encouraged by both major parties, is here to stay. There will be no sudden shifting from socialized medicine and the program of cradle-to-grave benefits built up through the years. Big Government remains.

A large share of British industry now is under Government ownership where it was placed about a decade ago by the Socialists—and most of it will stay there. The steel industry is going back to private ownership as rapidly as buyers can be found, but some of the less efficient plants are destined to remain in Government hands. There is no intention now of putting private operators back in charge of the nationalized coal industry or of transportation.

Capitalism strengthened. Nevertheless, a bigger Conservative majority in Parliament means this nation is increasingly committed to capitalism rather than to Socialist methods. Mr. Butler is to get a full run for his belief that the United Kingdom, properly managed, can double its standard of living in the next 25 years. Free enterprise is to get every encouragement.

The real meaning of the election in Britain is that a younger, yet careful, band of Conservatives is to take more complete charge—a Government of men whose average age is a little past 50. The voters' decision promises a freer hand for business, a floor under living standards, and world policies that may tend to parallel but by no means duplicate those of the United States.

For a report on Britain's Big Three—the men who will set the course for the Eden Government—see page 72. For their problems in keeping the boom going, see page 111.

WHY WEST IS WORRYING ABOUT TITO

A Turn by Yugoslavia Would Upset Allied Defenses

Russia is trying to woo Tito back into the satellite fold. And Western military leaders are alarmed at the prospect.

The way they see it: Communist Tito is now a big help to the West, even though he's not a full-fledged ally. Let him switch Yugoslavia's 30 divisions over to the Soviets, and the whole European defense structure is thrown off balance.

Even a Tito move over to strict neutrality would be viewed as a Western setback.

U. S., continuing its aid to Tito, is gambling that he will not go back to the Russians. But, if he does—

Reported from
LONDON, PARIS, BONN and BELGRADE

The stakes for which Russia's Marshal Bulganin is playing in Yugoslavia are big—so big that they involve the West's defenses of Western Europe and the Mediterranean.

Marshal Tito, Yugoslavia's Communist dictator, holds the key. Tito today is officially a neutral but actually a semi-ally of the West. He is in a defense alliance with Greece and Turkey, North Atlantic Treaty Organization members.

Russia is trying to win Tito back from his Western ties. If he should swing back toward the Russian side, or even withdraw into a status of strict neutrality, the military problem for the West would be deeply complicated.

As military planners see it:

With Yugoslavia gone, the anchor to the line of defenses for Western Europe would go. The whole defense structure of the West would be shaken. Russia then could quit worrying about Tito's 30 good divisions. All of the Balkans again would be in a state of change, with Communist forces freed to press toward Greece and Turkey.

Even now, defense complications are growing from the decision of little Austria to be neutral, forcing the early withdrawal of American, British and French troops from that country.

At the same time, emissaries of the Yugoslav Marshal are carrying assurances to officials in the United States, Britain and other NATO powers that Tito's commitments to the West are not in danger. Americans are gambling on Tito's independence from Russian ties by continuing to extend Yugoslavia military aid.

Yet, with such high stakes, Russia can afford to pay a big price for Yugoslavia, in the military view. Tito now ties down big Communist armies in Russia's satellite countries. He is a thorn in Russia's side politically as well as militarily. As long as he remains independent, Tito tempts leaders of other Communist countries to pull away from Russia. His return to the Soviet fold would strengthen the Kremlin's hold on other satellites.

Nightmare. When Allied troops pull out of Austria, there will be no direct land link between Italy and Germany. That means a strategic difficulty. The additional loss of Yugoslavia would offer a strategic nightmare.

This is why Allied leaders could not help worrying when Marshal Bulganin set out to woo Tito, why they watch with such concern for the outcome of the talks in Belgrade.

—Black Star

MARSHAL TITO
. . . holds the key

Hardest blow, of course, would be Tito's return to the fold of Soviet satellites. Such a development is not expected. But the mere possibility appalls Allied military leaders. If it should happen, they see big troubles ahead. The whole Western defense system in Europe and the Mediterranean area, they say, would be in peril.

First immediate result, if Tito joined the Soviets, would be a huge increase in Soviet military manpower, a big drop in the West's military potential.

Tito's Army is largely equipped by the U. S. Add it to Soviet and satellite forces already under Kremlin control, and the Communist military menace grows mightily.

And that's not all. Hundreds of thousands of satellite troops now pinned down in defensive positions along Yugoslavia's borders would be set free, made available for aggression elsewhere. Hungary has 12 divisions, Rumania 15 divisions, Bulgaria 12, and Albania 3. All these, without Tito to worry about, could be turned against Greece and Turkey, or even Italy. Western Forces in those areas would be almost hopelessly outnumbered.

Strategically, too, the loss of Yugoslavia would be serious, in the view of military experts. Yugoslavia holds a key position in the Balkans, geographically. Aligned with the West, this country menaces Russia's left flank. Aligned with Russia, Yugoslavia would bolster that flank. For the West, Yugoslavia is a bridgehead on the land mass of Central Europe. Against the West, it brings Communist armies to the shores of the Adriatic.

Threat to Middle East. Let Yugoslavia line up with the Kremlin, military leaders say, and the southern anchor of

Western defense lines is uprooted, the whole Middle East is outflanked. Greece and Turkey, now protected by Yugoslavia, are isolated. Italy, already cut off from direct access to Allied forces in West Germany by Austria's neutralization, would be exposed to new danger.

The Ljubljana Gap, in Northwest Yugoslavia, is a historic invasion route into Northern Italy. With Yugoslav forces guarding this route against attack from the east, Italy is protected against invasion by land. Turn those Yugoslav forces around, point them westward, and Italy is vulnerable. Massive reinforcement of Northern Italy would be required.

In such a precarious position, Italy's dependability as an ally might be lessened. Greece and Turkey might have to re-examine their positions as Western allies if confronted by a menacing Yugoslavia.

Even the northern anchor of the West's defense lines, it is feared, would be affected by a Yugoslav desertion to Russia. Freed of worry about Tito on the south, reinforced by his troops in that area, Soviet generals could shift more troops to the northward, point them toward West Germany.

Harder for military officials to assess is the situation if Tito, instead of joining Russia's military coalition, should merely adopt a position of strict neutrality. If that happened, Tito presumably would drop his alliances with Greece and Turkey—and the Western Allies would have to abandon their hopes of aid from Yugoslavia in case of trouble.

Even now, it is pointed out, Yugoslavia is not a full ally of the U. S. It is not a member of NATO. Tito's 30 divisions are not counted in the pool of Western armies that could be deployed against a Soviet attack on any NATO member.

The West has, however, expected two things from Tito:

1. That he would tie down a score or more of satellite divisions, just as he tied down 22 German divisions during the last war.

2. That he might eventually agree to joint military planning with NATO and perhaps also with Italy, as he has already with Greece and Turkey. Chief objective would be a joint defense of the Ljubljana Gap, through which Russian or satellite troops might break out onto the North Italian plain.

Tito's limited aid. NATO officers say that Tito never has agreed to joint defense plans which would permit Italian forces to advance into Yugoslavia on outbreak of a war, nor has he ever agreed to defend the Ljubljana Gap in strength for the number of weeks that NATO would like to provide time for

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—Black Star

YUGOSLAVIA'S ARMY: 30 GOOD DIVISIONS ARE AT STAKE

[continued]

WHY WEST WORRIES ABOUT TITO

Italian mobilization. Yugoslavia's traditional defense strategy has been to withdraw into the mountain areas, where the nation fought so successfully against the Nazis.

A hope behind the U. S. military aid to Tito, however, was that, with better equipment, Tito might be more inclined to stay out of the hills and fight an invader in the vital Ljubljana Gap. With Tito's neutralization, this hope would fade.

On the other hand, some NATO officials see this as a remaining hope: It is not considered likely that a neutralist Tito would permit Soviet troops in wartime to pass unopposed through his territory. If Yugoslavia's neutralization were respected by the Soviets, that would be a gain for NATO since it would close the Ljubljana Gap to the Soviet Army. And, if Russia were to attack a neutral Yugoslavia, it is believed that the Yugoslavs would fight back—and thus tie down large Russian forces as previously planned.

Even so, a neutral Yugoslavia, with its neutrality respected by Russia, is pictured as still causing the West strategic difficulties. The land route for Allied aid to Greece and Turkey would be lost. Italy would have a new 50-mile stretch of frontier facing Yugoslavia to guard. The West would be denied advanced radar posts near satellite borders, for early warning of air attacks.

Austria's role. The dangers from the loss of a friendly Yugoslavia, as military men view them, are made greater by the neutralization of Austria, which already has taken place as a result of the Austrian Peace Treaty.

Little Austria now provides a short land route for Allied forces between Italy and Western Germany, through the Brenner Pass. It is only 50 miles from Italy to West Germany by this route. With that route closed, armies must travel hundreds of miles around neutral Switzerland.

Austria's neutralization thus opens a gap in the Allied military line. It will mean a Western retreat to a broken front, with neutral Switzerland and neutral Austria separating the northern sector from the southern sector. The map on page 27 shows the shift in defense lines that would result.

Neutralization of Austria raises another problem for the Allies. Stationed in Western Austria now are nearly 20,000 Allied troops—some 16,000 Americans and smaller units of British and French soldiers. Under the Peace Treaty, those troops soon must pull out of Austria, along with the 40,000 Russians now occupying Eastern Austria.

Italians are pictured as anxious to have those Allied troops moved into Northern Italy, to bolster Italian defenses of the country's northern and northwestern borders. Another alternative is to move the troops into Germany to bolster the central front. U. S. Gen. Alfred M. Gruenther, NATO commander in Europe, has been asked for his recommendation on what to do with the soldiers now in Austria.

If the American troops in Austria were sent back to the United States, it would mean a loss to Allied fighting forces in Europe.

In itself, however, Austrian neutrality is described at NATO headquarters as causing little damage to European defense plans. Allied forces in Austria, it is pointed out, have never been under NATO's central command. Defense of Austria on the ground, it is said, never was planned, largely for tactical reasons.

Allied plans are described as having called for Western forces in Austria to withdraw toward Italy immediately in case Russia attacked. American forces in Southern Germany, would move northward to the central battle front along the Czech-German border.

So, under these plans, the north-south line from Germany to Italy would have been broken into two separate fronts anyway, within a week of a war's eruption, even without Austria's neutralization.

Yugoslavia's vital role. When Allied military leaders start talking about Yugoslavia, however, their concern increases. A neutral Austria they may accept as no great loss. But a strictly neutral Yugoslavia, removed from the ranks of potential Western Allies, would leave a serious gap. And, if Tito should go back to the Russians—then Western defense plans are really upset.

—Costello in the Albany Knickerbocker News

"WHERE TITO STANDS"

—Herblock in the Washington Post & Times Herald

"CIRCUMSTANCES ALTER CASES"

—Morris from Wide World

"HANDS ACROSS 2 BORDERS"

A neutral Yugoslavia would be bad; a satellite Yugoslavia would be worse

Britons Warn:

BEWARE OF REDS' "NEUTRALITY"

Few events in recent years have caused as much anxiety in Europe as Russia's sudden switch of tactics in the "cold war."

What's behind the Austrian Peace Treaty and the cordiality toward Tito?

Is Moscow using "neutrality" as its latest weapon against the West?

Here is a discussion of the new Soviet line by three London writers and editors:

William Clark, diplomatic correspondent of the *Observer* (independent); W. N. Ewer, diplomatic correspondent of the *Daily Herald* (Labor); H. V. Hodson, editor of the *Sunday Times* (independent).

LONDON

Following are excerpts from a May 19 program of the European Service of the British Broadcasting Corporation:

Mr. Hodson: . . . We have now seen quite clearly what the Soviet line is going to be in the new circumstances created by ratification of the Paris Agreements. The line is neutralization. That is the card they are forcing against the background of coexistence. It's an obvious one. It was obvious I think from the moment they accepted the Austrian Treaty that Austria was going to be their model. . . . I think it is going to be very nice for Austria because Austria is going to get a lot of Soviet favors . . . for the time being.

But, of course, Austria is a neutralized state and, when the time for favors is over, then the time for pressure will come and there won't be any means to resist it. That is the danger of a neutral state and that is the danger of the whole neutralization policy.

Mr. Clark: . . . One of the things that struck me on my first visit to Austria in a long time was that I did feel the extreme shakiness of Austria's position in the long run. They have undertaken, as Finland undertook, to pay what amounts to very heavy reparations and this may cause them to have to do quite a lot in the way of rearranging their economy.

Their economy is very likely to be somewhat upset by the disappearance of a large number of what one would call the dollar imports—yes, of American troops in particular who brought in many of their friends and relatives for the holiday season and were a real source of dollars. I think that the difficulties for Austria and the problem that she will find before her in the way of paying her way is going to be something that does make her, as Hodson suggests, very open to forms of pressure.

Mr. Ewer: . . . I want to come back to a wider thing. Here is Molotov offering the Austrian pattern to all states and, although we are talking to Europe, I want to emphasize that I think he was talking to the Middle East as well.

Mr. Clark: And may I say a large part of Asia.

Mr. Ewer: Yes, the Middle East and Southern Asia. . . . The demand is that we and the Americans get out of Europe and the Middle East—the bases go, the North Atlantic Treaty Organization goes. And all these states of Middle Europe, the Middle East, Southern Asia are asked to break away from all alliances, all military aid, everything of that kind, and to base their security on a Soviet pledge to respect their independence.

Well, we have had experience with that sort of thing in the past. Finland had a treaty of nonaggression with the Soviet Union, and what did they do? Twenty-four hours before attacking, the Soviets denounced the treaty. All that countries are offered in exchange for breaking away from the Western system is a Soviet promise not to attack them. . . . Pretty flimsy, to my way of thinking.

Mr. Hodson: . . . Of all the states to whom this [Soviet neutrality campaign] is immediately addressed, there is one almost entering into the spider's web—but which I am sure will resist this in terms of neutralization and military defenselessness. This is Yugoslavia. It is not the Yugoslavian temperament, it is not their history to be unarmed or to be defenseless.

But it is quite clear that Russian policy is immediately directed to destroying the Balkan Pact, to detach Tito from the Western bloc and establish him as part of the neutral zone.

Mr. Clark: . . . Russian policy has changed from trying to attach to themselves by force or fraud countries on their frontier or near their frontier. It has become a more defensive one—to detach by wooing and offers of good will countries which are on the edge of the Western area. . . . This contains very considerable dangers for us.

I think that in Yugoslavia, for instance, there is a real chance that Yugoslavia will become a country which regards itself as distinctly between the two blocs—as working all the time, if it can, to try and do something to bring them together, something to stop the conflict between them. Now that is a game in which, it seems to me, the great likelihood is that nearly all the neutrals will find themselves playing what amounts to a Russian game more than a Western game. . . .

Mr. Ewer: . . . This idea of a string of neutral, independent states up and down Europe is an old one. We had it at Yalta. We didn't think then of Poland, Czechoslovakia and so on as buffer states. We thought of them—you remember the classic phrase—as a bridge between East and West. . . .

What has happened to them all? That's a thing which Germany, Austria, Yugoslavia, all the rest ought to think about. The Russians don't give up their objectives.

CLEARING UP THE POLIO TANGLE

Answers to Questions That May Be Puzzling You

Clouds over polio vaccine are beginning to lift. It's now clear to officials that:

Vaccine is safe, generally. Vaccinations will go ahead, though more slowly. Vaccine production gets the green light.

There remain some questions about the vaccine's effectiveness. Only time can tell.

To help clear up the confusion that has grown from conflicting stories and uncertainties surrounding vaccination against polio:

• Vaccine again is being cleared by the Government for use by doctors in vaccinating children. The vaccine that is available for use now has been cleared twice, by both the producing company and the Government.

• All vaccine approved for use in the future will be required to meet rigid new standards. Companies producing the vaccine have agreed to comply.

• Vaccination, to date, is not proving to be a full counter to the polio threat. Despite vaccination of about 6 million children in first and second grades, the number of polio cases developing in 1955 from the time of the first vaccinations up to May 21 is greater than in the same 1954 period, when fewer than half a million children were vaccinated.

• The vaccine, as previously pointed out, is not a sure preventive for polio. However, there is evidence that inoculation with vaccine properly prepared does give immunity to many children. The claim is that it is 90 per cent effective against paralytic polio and 60 per cent effective against other types.

• It is possible that, in some cases where polio virus and antibodies already in a child are in close balance, injection of the vaccine might cause active polio. This is under intensive investigation.

Behind the mix-ups. What led to the confusion in the polio situation and caused all the hullabaloo? What's being done to correct the troubles? Answers given by officials are these:

Fact No. 1—Under previous testing procedures, two lots of suspect vaccine got out to the public. They are assumed to have caused some cases of polio.

Fact No. 2—The first U. S. vaccine-testing system was set up to clear large quantities of vaccine in a hurry. Tests were shortened. Each manufacturer's vaccine was released to the public on the basis of "protocols," or statements, showing that the agreed-upon processing and safety tests had been followed.

In Canada, by contrast, one laboratory makes the vaccine and tests it. Then the Government's control laboratory subjects each lot of vaccine to a second test. Canada has had no vaccine-safety scare as yet.

Now the U. S. system is to be changed. Tests are being lengthened, other steps taken to assure safety.

Fact No. 3—Many physicians, and some scientists who knew the tricky nature of polio, were puzzled and uneasy from the start about the speed with which

SPRING POLIO RECORD: 1955 VS. 1954

1954: 713 POLIO CASES | 1955: 851 POLIO CASES

(Five weeks, mid-April through third week of May)

THE 1954 VACCINATIONS—

Tests of vaccine began April 26. About 441,000 children were inoculated by July 10. Of these, 129 eventually were stricken by polio, including 76 paralytic cases.

THE 1955 VACCINATIONS—

Inoculations began April 16. About 6 million children were inoculated. By May 25, cases of polio among these children numbered 94, including 73 paralytic cases.

Photo—United Press Source: United States Public Health Service

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the new vaccine was passed for public use. Doubts have spread among others.

Some physicians have refused to take part in the polio-vaccination program. The percentage of parents granting permission for their children to be inoculated started out at around 95 per cent. Now from 10 to 30 per cent of parents are withholding permission.

Fact No. 4—The official position of the U. S. Public Health Service is that properly tested vaccine is safe and effective against polio. Officials insist that hurried-up production of the vaccine was a justified risk. They assert that the risk was deemed to be no greater than that involved in any medical production program. They believe more children have been saved from polio by fast vaccine production and testing than would have been saved if the vaccine had been produced in smaller quantities, tested longer, made available to fewer children.

Fact No. 5—At this time, available statistics indicate that the calculated risk on vaccine is paying off, for the population as a whole. Height of the polio season is eight weeks away, in August. But, so far, the polio rate among children inoculated with vaccine of unquestioned safety has been lower than normal. The rate among children who got suspect vaccine is abnormally high.

Fact No. 6—Politics has entered the polio situation in a big way. Accusations have been made of bungling, of political interference. What makes polio such a big issue is that directly it touches millions of people and interests nearly everybody.

The Gallup Poll found that 97 per cent of all people interviewed were aware of the polio-vaccine situation—a bigger percentage than had been found informed on any other event since these polls started, back in the 1930s.

Extent of polio. The question now is whether vaccination can prevent an epidemic of polio this year. Here are the facts bearing on the extent of polio so far in 1955:

First signs suggest that 1955 may be a "big" polio year. Polio cases, January 1 through May 21, totaled 2,050. That is 8 per cent more cases than were reported in the same period in 1952, a year that produced 56,879 cases and was the worst in history.

On the other hand, 1955 cases, through May 21, were fewer than in the same period last year, which was the second-worst year on record.

Upshot is that the 1955 polio score to date is not conclusive evidence of any lasting trend, but, to more and more medical observers, it seems obvious that polio in 1955 is off to a very fast start.

This early spurt in cases adds to worries of officials who have to steer a course between two extremes—that of letting vaccine go rapidly into use, with short-cut tests rules, or that of holding vaccine back for time-consuming extra tests, in face of rising polio incidence.

Adding to the worries of officials are several other disquieting features of early polio trends. For example:

Cases of polio occurring since the mass-vaccination program began are greater than the number of cases reported in the same period last year. The difference is not enough, as yet, to be called a flare-up, but it is one of the signs that officials are watching anxiously.

Another worrisome development for officials is the noticeable rise in the number of cases of paralytic polio during the latest five weeks of record, as compared with the same weeks last year. In this period, ended May 21, 1955, and covering the vaccination program, a total of 346 cases of paralytic polio were reported. That is 27 per cent more than in the same period last year.

Most of this rise can be accounted for, statistically, by cases of paralysis occurring among children given suspect vaccine. But, even after allowing for that, there remains a 7 per cent increase over the number of paralytic cases reported last year, despite the fact that two thirds of the children in the most-susceptible age groups got unsuspected vaccine, which was supposed to be most effective against paralytic polio.

In the future. Problems revolving around polio can be expected to grow, from all present signs. If polio outbreaks reach epidemic proportions, questions about polio vaccine's safety, effectiveness and availability seem sure to increase.

At this point, the program of vaccination that was started with such drama is in slow motion and subject to much questioning.

For a detailed account of how Canada handled its polio-vaccine program, see page 32.

Where Polio Hit After Vaccinations Began

	Number of Cases*, April 16 to May 21, 1955	Difference—1955 Cases* Compared With 1954, Same Period
The East	86	+59
Maine†	0	none
New Hampshire	0	none
Vermont	0	none
Massachusetts	3	−2
Rhode Island	3	+3
Connecticut	3	+2
New York	41	+29
New Jersey †	4	none
Pennsylvania	26	+21
Delaware	6	+6
The Midwest	158	+75
Ohio	17	+2
Indiana	12	+10
Illinois	37	+28
Michigan	23	+7
Wisconsin	11	+9
Minnesota	13	+7
Iowa	15	+10
Missouri	8	−9
North Dakota†	1	−1
South Dakota†	2	+2
Nebraska	12	+9
Kansas	7	+1
The South	326	−89
Maryland	3	+2
Dist. of Col.	0	−1
Virginia	13	+9
West Virginia	12	+4
North Carolina	8	none
South Carolina	12	+3
Georgia	31	+16
Florida	46	−48
Kentucky	12	+4
Tennessee	4	−1
Alabama	5	−24
Mississippi	14	−3
Arkansas	9	−10
Louisiana	37	+16
Oklahoma	11	−3
Texas	109	−53
The West	281	+93
Montana†	5	+3
Idaho	40	+37
Wyoming	4	+4
Colorado	17	+13
New Mexico	5	+5
Arizona	15	+3
Utah	4	−1
Nevada	8	+2
Washington	12	+2
Oregon	20	+15
California	151	+10
U. S. TOTAL	851	+138

*All types, paralytic and nonparalytic.

† Free-inoculation program in public schools not started prior to May 21.

How "Shots" Are Going in Canada

In 6 Weeks, Vaccinations Cause No Paralysis

When it comes to a polio program, the Canadians have a system that looks like a model of efficiency by some standards.

Salk serum is being used there, too. It's a Government project all the way, and it's being carried out without fanfare.

Thousands have been inoculated. There have been no scares, no delays, in six weeks no cases of paralytic polio caused by the vaccine.

OTTAWA

Unlike the U. S., Canada's polio program is moving right along without any hitches.

Since inoculations were started, on April 12, Salk vaccine has been administered to about 700,000 children, and 350,000 of them now have had their second injections. Through May 24, none had developed paralysis as a result of the vaccine.

Immediate goal is to finish giving the first two inoculations to 1 million children in the most susceptible age groups before July 1, when the polio season in Canada will start. Looking a little further ahead, authorities expect to complete the inoculation of 3 million children by next March 31 and to give vaccine to 2 million other children below 16 years of age less than two years from now. The whole program is under Government control and direction.

On both occasions when the U. S. suspended use of the Salk vaccine, national and provincial health authorities have talked the matter over at length. And both times the Canadians have decided to keep on with their program because it was working out so satisfactorily.

Double check. Canada is taking no chances on unsafe vaccine. Right from the start, each batch has been subjected to tests in two separate laboratories. That is one of the big differences between Canada's smoothly running program and the way things have been handled in the U. S.

Enough Canadian vaccine to give a child the necessary three inoculations costs $1.50. The Canadian Government is paying half the cost, and the provincial governments are paying the other half. Local health officials administer the vaccine, usually at schools, without charge to the pupils or their parents.

Although public health is primarily the responsibility of the provinces, by agreement the National Ministry of Public Health and Welfare is giving the polio program close co-ordination at the top. It is a program that was carefully thought out about seven months before the mass inoculations got under way.

Head start. Canada's plan was drawn up last September by the Dominion Council of Health, which consists principally of the federal and provincial ministers of health. Canadians at that time felt pretty sure that the final report in the U. S. on test inoculations would be favorable, and they wanted to have large amounts of vaccine ready for immediate use after the report was made.

At that time the Connaught Laboratories, in Toronto, which had been cooperating with American authorities in Salk research, were instructed to begin large-scale production of vaccine. The federal and provincial governments agreed to buy the output.

Canada, thus, was all set to go when the U. S. committee made its favorable report on April 12. Enough vaccine was on hand to give the first two injections to 930,000 children. Inoculations got under way at once, and they are continuing without interruption.

Health authorities say that one child who was inoculated has paralysis, but that he already had polio when he was given the vaccine.

In nine of the 10 provinces, children in the first and second grades are getting priority. The Province of Quebec, where children 2 and 3 years old were hit hardest in the last polio epidemic, is concentrating on this age group. The National Ministry of Public Health and Welfare apportions vaccine to the provinces on the basis of their population.

Vaccine is tested first at the Connaught Laboratories. Then a sample of each batch is brought to Ottawa and given even stiffer tests in the federal laboratories here. The federal laboratories have turned down two batches that Connaught had approved.

Some U. S. vaccine. Before the fuss started in the United States, 13,000 Canadian children had been given American vaccine without ill effects. Now all the vaccine being used in Canada comes from the Connaught Laboratories, and they are working at capacity. Late this summer or early in the autumn, the laboratory of the Institute of Microbiology, at Montreal, will get into production.

As more vaccine becomes available, Canadian authorities expect to keep moving into higher age groups with the inoculations. They want to make the protection available to everyone as soon as possible. They are moving as fast as they feel is consistent with safety and expect their polio program to continue without mishaps.

CANADA'S POLIO PROGRAM

Program started	April 12, 1955
Serum used	Salk vaccine
Administered by	Federal, local governments
Children treated	700,000 first inoculation 350,000 second inoculation
Paralysis among those treated	one
Cost to Government per child	$1.50 for three shots

GOAL: ***to inoculate 3 million children by March 31, 1956***

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Beware the PEACE of the Bear

pleading • raging • protesting

threatening

sneering

lying • pleading • raging

protestir growli ning • whining

wheed

whini

pleac

threate dling orting

grum heering

doubl ng • pleading • raging

snorti

doubl

prote

wh

wl

ple g • ragi

thr ning • warnin

gr bling • roaring •

double-crossing • lying •

"When he shows as seeking quarter, with paws like hands in prayer, That is the time of peril— the time of the Truce of the Bear."

—Kipling (1898)

"War to the hilt between communism and capitalism is inevitable. Today, of course, we are not strong enough to attack. Our time will come in 20 or 30 years. To win we shall need the element of surprise. The bourgeoisie will have to be put to sleep. So we shall begin by launching the most spectacular peace movement on record. There will be electrifying overtures and unheard of concessions. The capitalist countries, stupid and decadent, will rejoice to cooperate in their own destruction. They will leap at another chance to be friends. As soon as their guard is down, we shall smash them with our clenched fist."

DIMITRY Z. MANUILSKY

Presiding Officer U. N. Security Council, 1949
From a Speech before the Lenin School of Political Warfare, 1931

MORE NEW SOURCES OF URANIUM

Rush is on to Fields in Dakotas, Wyoming, Montana

A scramble for uranium is spreading through the Black Hills of South Dakota with the same frenzy of the earlier rush on the Colorado Plateau.

The search is heightened by the discovery of uranium in the vast deposits of lignite—a low-grade coal—farther north.

Here is another chapter in the history of the new mining industry of the atomic age.

Reported from
RAPID CITY and BUFFALO, S. Dak.

Two new sources of uranium are opening up in the United States. The Black Hills area of South Dakota, once the scene of a gold rush, now promises to supplement the Colorado Plateau as a center of uranium production. In addition, this atomic fuel has been located in an unexpected formation—the vast lignite fields of the Dakotas and Montana to the north of the Black Hills.

These discoveries have touched off a uranium rush that resembles in many respects the gold rush of the 1870s and already shows signs of attracting more attention than the oil boom that started a few years ago. Prospectors are combing the hills with Geiger and scintillation counters. They are expected to be joined this summer by hundreds of tourists ready to try prospecting as a side line. Some 2.5 million tourists are expected in the coming season.

There is, however, a difference between the uranium rush and the old gold rush. In the uranium hunt, large and well-established firms are entering the picture, prepared for scientific prospecting and large-scale development. These include oil companies, mining companies, railroads and engineering firms.

A lucky find. The original uranium discovery in the Dakotas came about by accident. The discovery was made by Jerry C. Brennan, a Rapid City lawyer whose hobby is exploring for relics of early Indian civilizations. It was while he was studying Indian pictographs on the walls of Craven Canyon that he noticed some exposed sandstone with the greenish-yellow stain that resembled uranium-bearing carnotite. It turned out to be carnotite. Mr. Brennan staked claims and the rush was on.

Excitement mounted after the Homestake Mining Company of Lead, S. Dak., a steady gold producer since 1877, made another important discovery in the Black Hills near Carlile, Wyo. That discovery touched off a frenzied hunt for uranium all through the Black Hills country. Prospectors rushed out in cars, jeeps and airplanes. Hundreds of claims were staked, and, while many turned out to be worthless, some proved valuable.

Already uranium deposits have been found in at least six distinct areas of the Black Hills. These deposits are reported to be extensive enough and of sufficiently high grade to have commercial value. Known deposits range up to 50,000 tons and some ores compare favorably with those found on the Colorado Plateau. They range up to one half of 1 per cent in uranium content, with some running higher. The average is two tenths of 1 per cent, which promises moderate profits.

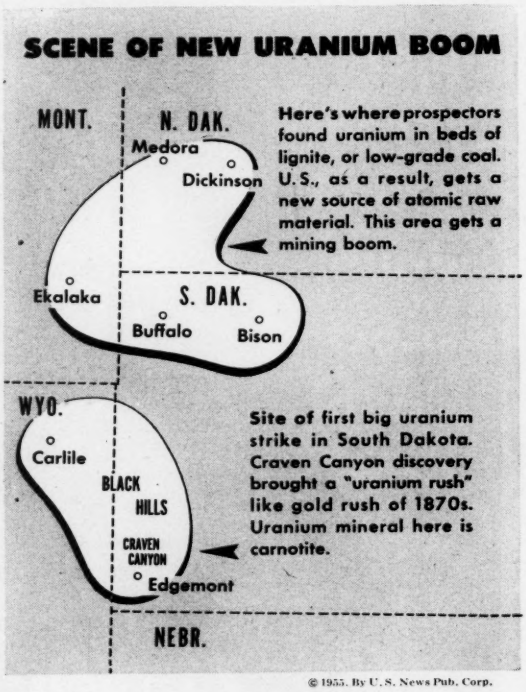
The largest known reserves of ore are located in the Edgemont district of South Dakota, near the Brennan discovery. Half a dozen relatively large mining companies are active here, along with many small operators who are using strip-mining methods to get their ore. At present, much of the ore that has been mined and sold in the Dakotas is heaped up at the Edgemont ore-buying depot of the Atomic Energy Commission. A processing mill is expected to be completed next spring. That will transform the town of Edgemont into a headquarters for uranium operations as well as a cattle center.

Miners dig deeper. Meanwhile, mining is becoming more intensive. Larger companies, using mining engineers and geologists, are moving from the exposed outcrops of ore to beds below the surface that can be reached only by drilling. Geologists expect that deeper mining may not only uncover larger and richer deposits of carnotite, but also bring to light ores such as uraninite, which are still richer in uranium.

Now, another source of uranium has turned up in the extensive lignite fields of North and South Dakota and Montana. This discovery came as a rather stunning surprise because lignite—a low-grade coal—was not believed to contain much uranium.

It took a couple of prospectors to prove that geologists were wrong about lignite. The prospectors were Ivan Ellis and Clarence W. Fiegen, who operate a flying service out of Spearfish, S. Dak. They had prospected before, for others, but some eight months ago went out on their own. While flying over the North Cave Hills, a part of the Custer National Forest, they noticed that their scintillation counter—a more sensitive instrument than the Geiger counter—registered a high degree of radioactivity.

An investigation on the ground disclosed that a lot of uranium seemed to be present in a bed of lignite. After taking more instrument readings and digging around, the two fliers staked a dozen claims, the first to be filed in South Dakota lignite beds. Their ore


SCENE OF NEW URANIUM BOOM
MONT.
N. DAK.
Medora
Dickinson
Here's where prospectors found uranium in beds of lignite, or low-grade coal. U.S., as a result, gets a new source of atomic raw material. This area gets a mining boom.
Ekalaka
S. DAK.
Buffalo
Bison
WYO.
Carlile
BLACK HILLS
CRAVEN CANYON
Edgemont
Site of first big uranium strike in South Dakota. Craven Canyon discovery brought a "uranium rush" like gold rush of 1870s. Uranium mineral here is carnotite.
NEBR.
© 1955, By U. S. News Pub. Corp.

samples met AEC quality standards and further AEC investigations disclosed that there is a great deal more of such ore in the vicinity, easy to mine.

Shortly after this discovery, Homestake Mining Company moved into the lignite fields too. A few claims were staked at first by the company, but now holdings have increased to a large block.

Hundreds of claims. The Homestake move caused a stampede. In Harding County, a vast expanse of cattle and sheep ranches that also includes North Cave Hills and other hills, people forgot a local oil boom and went wild over uranium. The 22 square miles of the North Cave Hills were staked almost from end to end. So, too, were the South Cave Hills, the Slim Buttes and the Western Pine Hills. These are all parts of the Custer National Forest and ordinarily are open to 20-acre mineral-development claims by prospectors.

Ranchers have sold uranium rights on thousands of acres of privately owned land. Usually these rights bring only modest prices, with a provision for royalties if and when uranium is found and sold. One rancher got a price of $50,000 for rights on 220 acres, but $42,000 of this is to be paid only when commercial ore is shipped from the property. Another rancher is promised $75,000 for rights on 240 acres, but payments are conditioned on mining of uranium at a profit.

Still, the rush goes on. Other large companies besides Homestake Mining are moving in to take up claims, among them Peter Kiewit Sons, of Omaha, an earth-moving firm, and Ohio Oil Company. The hunt is spilling over into Perkins County, east of Harding County, and into North Dakota, where uranium was found in lignite fields at about the same time as the Harding County discoveries.

New centers of the uranium hunt are being established in Dickinson and Medora, N. Dak. Prospectors are climbing up the Long Pine hills and the Ekalaka hills of eastern Montana, but nobody expects the rush to stop there. Areas of discovery seem to be steadily widening.

Some roadblocks. Complications have arisen, however, that are slowing lignite development.

The first complication is that AEC found that none of the usual processes for extracting uranium oxide from various ores seemed to work effectively with lignite. One AEC official explains:

"We know the uranium is there, but we don't know how to get it out right now. It isn't any good until we find out."

Experiments with new processes are expected to solve this problem in a few months or so.

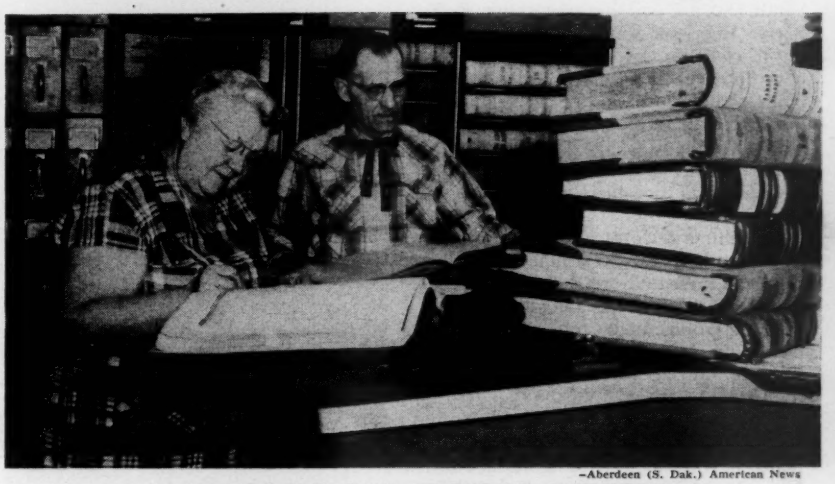
Another roadblock to lignite development concerns the legality of the thousands of uranium claims as "valuable

WHERE THE PROSPECTING FEVER RUNS HIGH

IN ONCE-LONELY STRETCHES OF SOUTH DAKOTA . . .

THEY DIG WITH PICKS . . .

. . . AND WITH BULLDOZERS



–Aberdeen (S. Dak.) American News

. . . AND FILL THE CLAIM BOOKS TO OVERFLOWING

"The best uranium potential in the United States"?

[continued]

NEW SOURCES OF URANIUM

—Aberdeen (S. Dak.) American News

DISCOVERY SHAFT AND STAKE MARK A CLAIM
. . . the hunt is spilling over into unlikely areas

minerals." Federal law classifies the lignite fields, in more or less blanket fashion, as "coal reserves" that are to be protected against destruction or damage by other forms of mining.

The complaint in this area is that nobody wants coal of as low a grade as the substandard lignite that contains the uranium. Some of this ore, as coal, will not even burn under a blowtorch. On the other hand, nearly everybody seems to be interested in having the uranium extracted.

The law, however, must be changed before mining can proceed with any assurance. Senator Francis Case (Rep.), of South Dakota, and Representative E. Y. Berry (Rep.), of South Dakota, are moving to clear up the legal situation. They have introduced a bill to validate uranium claims and to give the signal to proceed with development.

Meanwhile, the AEC has suspended purchases of lignite uranium and this suspension, in turn, has brought mining to a virtual standstill.

The importance of uranium from lignite is still to be determined. Harding County's indicated ore deposits are estimated by AEC at 100,000 tons, with a possibility of 1 million tons or more. The possibility, however, has been described by AEC officials as "mere conjecture at the present time."

Billions of tons. Then there is the question of uranium in other lignite fields. Known deposits of lignite in North Dakota and Montana run into hundreds of billions of tons. But it also is known that not all lignite contains uranium of commercial grade. Recent prospecting, in fact, indicates that, where uranium is located in lignite areas, it is scattered.

Uranium, furthermore, appears to be present only in the top layer of lignite beds. This tends to eliminate some of the largest lignite deposits, which often contain a succession of layers running to thousands of feet in depth.

Despite these limitations, lignite promises to become in time a source of substantial amounts of uranium. One geologist in the area even goes so far as to estimate that the lignite fields have "the best uranium potential in the U. S."

What's happening in the Dakotas is being repeated elsewhere as the uranium hunt gathers speed. In Idaho, some 150,000 acres of public lands have been leased to uranium prospectors, yet Idaho has yet to turn up a single proved deposit of commercial value. In Wyoming, prospectors are protesting the withdrawal from prospecting of public lands believed to contain uranium. The land was withdrawn by AEC in March, 1952.

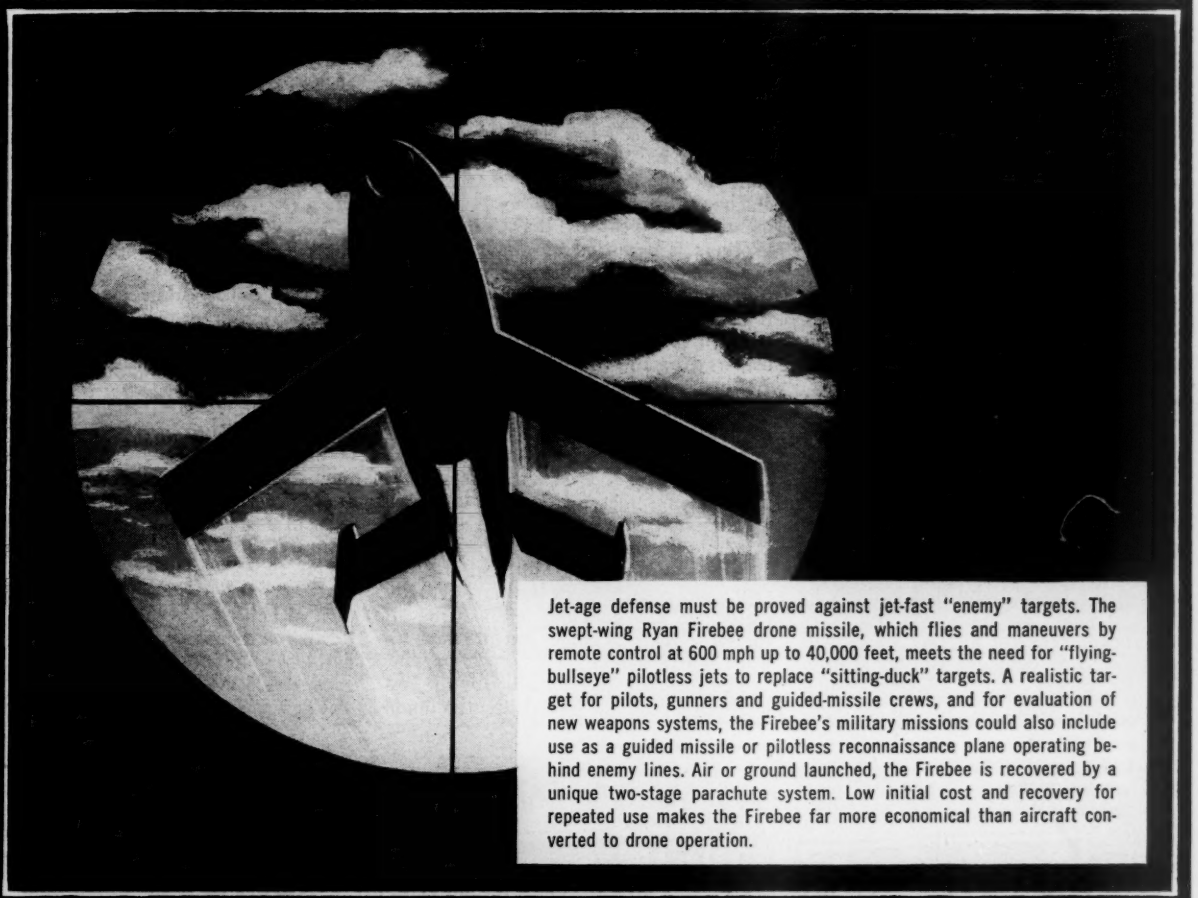
The uranium fever is being fed by such discoveries as those in South Dakota's lignite fields. Prospectors are becoming convinced that, as with oil and gold, "uranium is where you find it." That attitude is spurring the hunt into areas that are not now regarded as favorable for uranium discoveries and raises hopes that in years ahead uranium will turn up in many unexpected spots.

No big profits now. Profits from uranium production, however, still are rather slim. Not many proved mines are yielding any large sums to their operators. Producers, processors and brokers agree that most of the money being made in uranium today comes from buying and selling claims and leases. But profitable mining operations are expected eventually. The Atomic Energy Commission reports that production doubles about every 18 months, and officials expect the rate of progress in discovery and processing of uranium ores to speed up in years just ahead.

—Aberdeen (S. Dak.) American News

CLAIM HOLDERS MEET IN BUFFALO, S. DAK.
Big mining companies compete with small prospectors

FIREBEE–600 MPH "BULLSEYE"



Jet-age defense must be proved against jet-fast "enemy" targets. The swept-wing Ryan Firebee drone missile, which flies and maneuvers by remote control at 600 mph up to 40,000 feet, meets the need for "flying-bullseye" pilotless jets to replace "sitting-duck" targets. A realistic target for pilots, gunners and guided-missile crews, and for evaluation of new weapons systems, the Firebee's military missions could also include use as a guided missile or pilotless reconnaissance plane operating behind enemy lines. Air or ground launched, the Firebee is recovered by a unique two-stage parachute system. Low initial cost and recovery for repeated use makes the Firebee far more economical than aircraft converted to drone operation.

Another Example of How

RYAN BUILDS BETTER

America's fastest, most elusive target – the Firebee – is an outstanding achievement in advanced design. To meet the needs of America's air defense, Ryan engineers created this new pilotless aircraft by skillfully blending their knowledge of aerodynamics, jet propulsion and electronics. For more than 32 years, industrial and military leaders have called upon Ryan to solve the increasingly complex problems of aeronautical science. Striking examples are the Firebee, Ryan's new jet VTO airplane, precision built components for jet, rocket and piston engines, and electronic devices for guidance and navigation.

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What Employers Are Up Against

All the Old Demands and Annual Wage Too

Talk of paying people for not working will go on long after auto dispute ends. Employers, as a result, are looking over their books to see what an annual wage might mean to them.

This is what they are finding: Costs would soar in a bad business year. They could be sizable in a fairly good year.

DETROIT

Chances are regarded as slim that workers in the automobile industry will get all that they are asking in the way of a guaranteed annual wage.

Even so, employers now have a preview of the broad trend that is likely to apply in union demands over the years just ahead. Pressure for pay raises will continue. New demands will come each year for bigger "fringe" benefits, such as pensions, vacations, special services.

On top of all that now will come increased demands for a guarantee of a full year's pay, whether or not work is done for that pay.

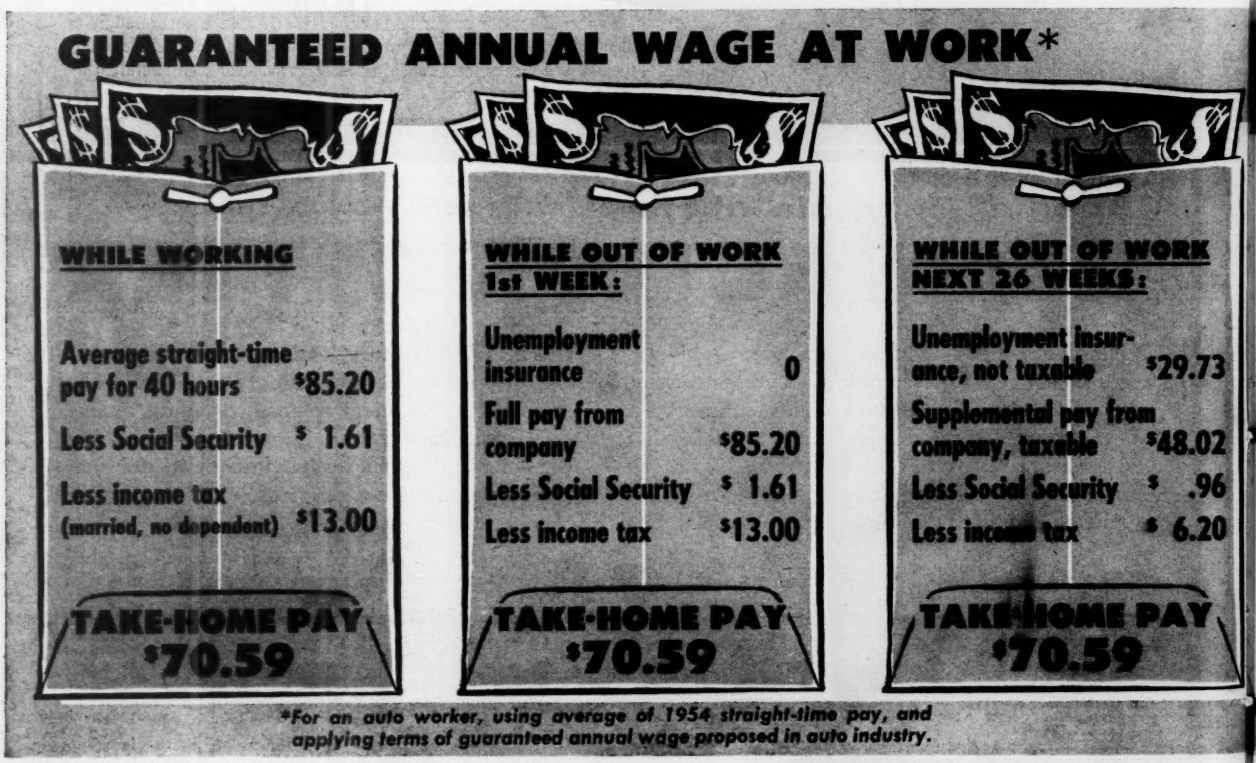
The guaranteed annual wage as demanded this year by the United Auto Workers is regarded as about the ultimate that unions will strive for in this field. Once unions get that, if they do, then the demand will turn to the same pay for a shorter work week. Union leaders already have hinted that they are eying the prospects for a 30-hour week, instead of the 40-hour week now established.

Mounting pressure. What the Auto Union seeks is at least an agreement in principle on something that will be called a "guaranteed annual wage." Once that principle is accepted, unions then can be expected to move toward a goal of a full year's pay regardless of the time actually employed. This goal may not be achieved for some years to come, but pressure toward it will mount.

The meaning to employers of the annual-wage plan put forward by the union for bargaining purposes is shown in the chart below. Briefly, the employer is asked to guarantee to any eligible worker the same amount of take-home pay when he is idle as he receives when he is working. The example cited in the chart is based on average straight-time pay received by an auto worker in 1954.

Actual dollars-and-cents costs to employers as a result of this plan obviously depend upon such things as the number of workers laid off and the length of time they are idle. The larger the layoffs and the longer the idle time, the greater will be the costs. Thus, precise measurements of the payroll costs of a guaranteed annual wage are difficult to make.

However, rough calculations of the costs of a guaranteed wage can be made from the record of the automobile industry in 1954, which was by no means a bad year for the industry as a whole. Official figures show that in the auto industry, on the average, 43.6 workers were laid off some time during the year for each 100 workers on auto payrolls. Official figures show further that the average


GUARANTEED ANNUAL WAGE AT WORK*
WHILE WORKING
Average straight-time pay for 40 hours $85.20
Less Social Security $ 1.61
Less income tax (married, no dependent) $13.00
TAKE-HOME PAY $70.59
WHILE OUT OF WORK 1st WEEK:
Unemployment insurance 0
Full pay from company $85.20
Less Social Security $ 1.61
Less income tax $13.00
TAKE-HOME PAY $70.59
WHILE OUT OF WORK NEXT 26 WEEKS:
Unemployment insurance, not taxable $29.73
Supplemental pay from company, taxable $48.02
Less Social Security $ .96
Less income tax $ 6.20
TAKE-HOME PAY $70.59

*For an auto worker, using average of 1954 straight-time pay, and applying terms of guaranteed annual wage proposed in auto industry.

period of unemployment in 1954 for all laid-off workers—auto employes and others—was 11.7 weeks.

Amount of cost. The chart indicates what the average laid-off auto worker would have received from his employer under the guaranteed-wage plan. He would have been paid $85.20 for the first week of idleness, when no unemployment benefits are paid, and $48.02 a week for the remaining 10.7 weeks—$599.01 in all. If 43.6 per cent of the workers in the industry had received these payments, payroll costs would have been about 6 per cent higher. That would have been the equivalent of a straight-time wage increase of nearly 13 cents an hour.

A boost of 6 per cent in the straight-time payroll costs for the auto industry's 628,000 workers in 1954 would have amounted to close to 170 million dollars.

Similar calculations, based on 1954 experience, indicate that payroll costs for the steel industry would be about 8.5 per cent higher under a guaranteed wage; for the wool-textile industry, nearly 6 per cent higher; for meat packers, 5.5 per cent higher, and for railroad equipment, which has a high layoff rate, 17.5 per cent higher.

Note that these estimates are based on a year of relatively high activity and high employment, even though it was called a recession year. In years of poor business, costs of paying workers for idle time really would soar.

A Government study on the subject, made in 1947, estimated that in 1938—a depression year—2 out of 4 auto plants would have been required to pay the unemployed more than they paid the people who actually worked. The study also showed that payroll costs for 1938, under guaranteed wages, would have been 100 per cent higher in 4 out of 12 steel plants and in 1 out of 3 glassware plants. These estimates made no allowance for unemployment benefits, but they indicate the cost of guaranteed wages.

Actual experience with guaranteed annual wages is scanty. Union leaders admit that they are trying to embark on a new course in wage policy. Employers hesitate to go along because they have no clear idea of the consequences involved. However, all the theoretical studies of the wage plans indicate that the proposal surely would add to payroll costs and costs of production.

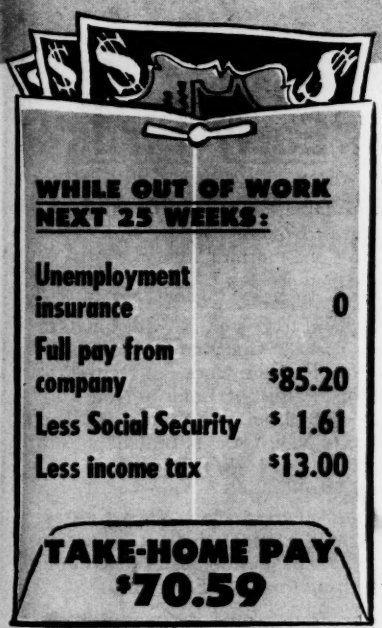
Tougher on small firms. In the auto industry, for example, it is quite clear that a guaranteed wage in 1954 would have been less burdensome on General Motors Corporation and the Ford Motor Company, the top firms in the industry, than on their competitors.

Both Ford and General Motors had a lower layoff rate than other auto companies and thus would have had to pay less for idle time. In the same year, Studebaker-Packard Corporation and American Motors Corporation reported losses—35 million dollars for Studebaker-Packard and 16 million for American Motors. It would appear that to pile additional wage costs on top of these losses would have made the going still more difficult for these companies.

In the period of 1937-41, for example, a rise of 10 per cent in payroll costs would have just about eliminated the profits in the meat-packing industry, unless prices were advanced. In the steel industry, for the same period, a 10 per cent rise in payrolls would have trimmed profits by about a third. Yet official calculations indicate that, had guaranteed wages been in effect in 1937-41, payroll costs would have been at least 10 per cent higher for most concerns.

Smaller labor force? Critics of the union proposal argue that employers will be forced to be cautious in hiring policies if they are to be obligated to pay laid-off workers half pay for 26 weeks and full pay for another 26 weeks. The tendency, these critics contend, will be for employers to keep labor forces as low as possible and to be conservative in estimating sales potentials.

Still, the signs suggest that a guaranteed annual wage, in some form, some day will be tried in a major industry.



IN PRACTICAL TERMS:

The worker, with seniority, would get fixed take-home pay, whether working or not.

The employer would pay full wages, except for a period of unemployment insurance.

The Government would continue to draw full taxes on income except during the period of unemployment insurance.

Cost for auto industry in 1954, on the basis of the employment record of that year, would have been about 13 cents per hour.

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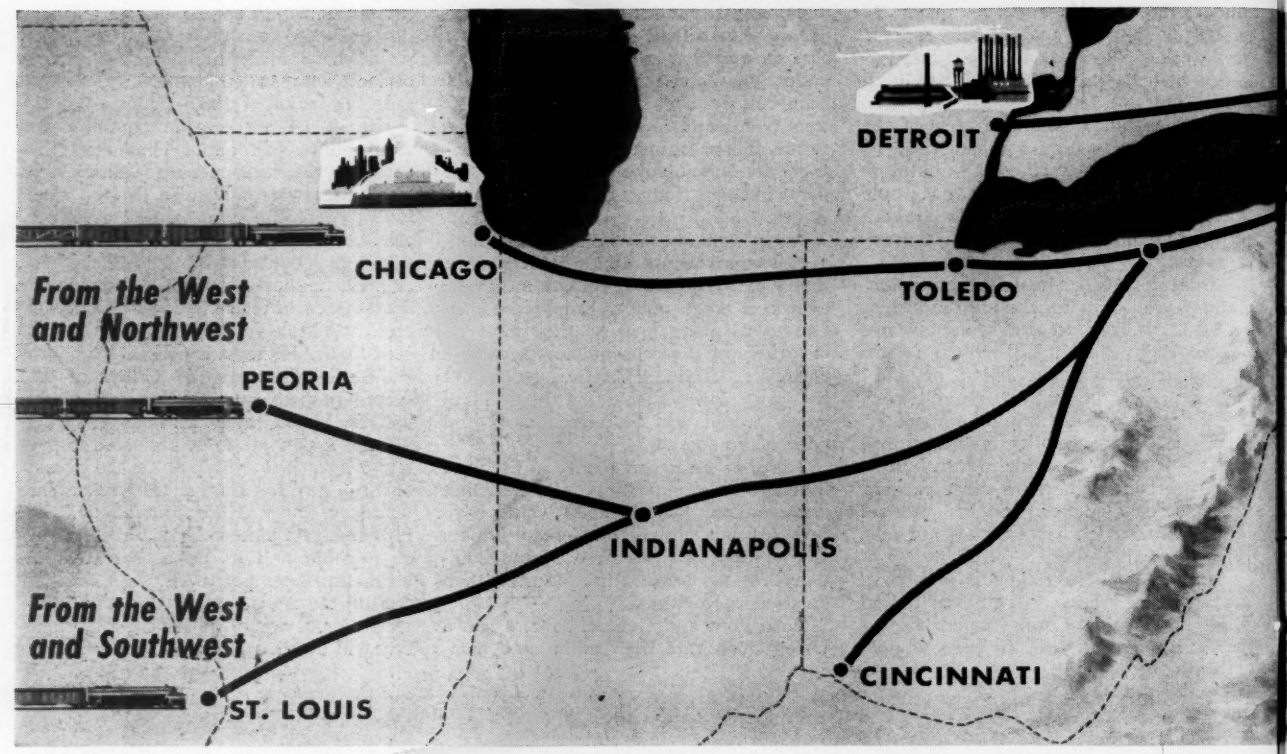

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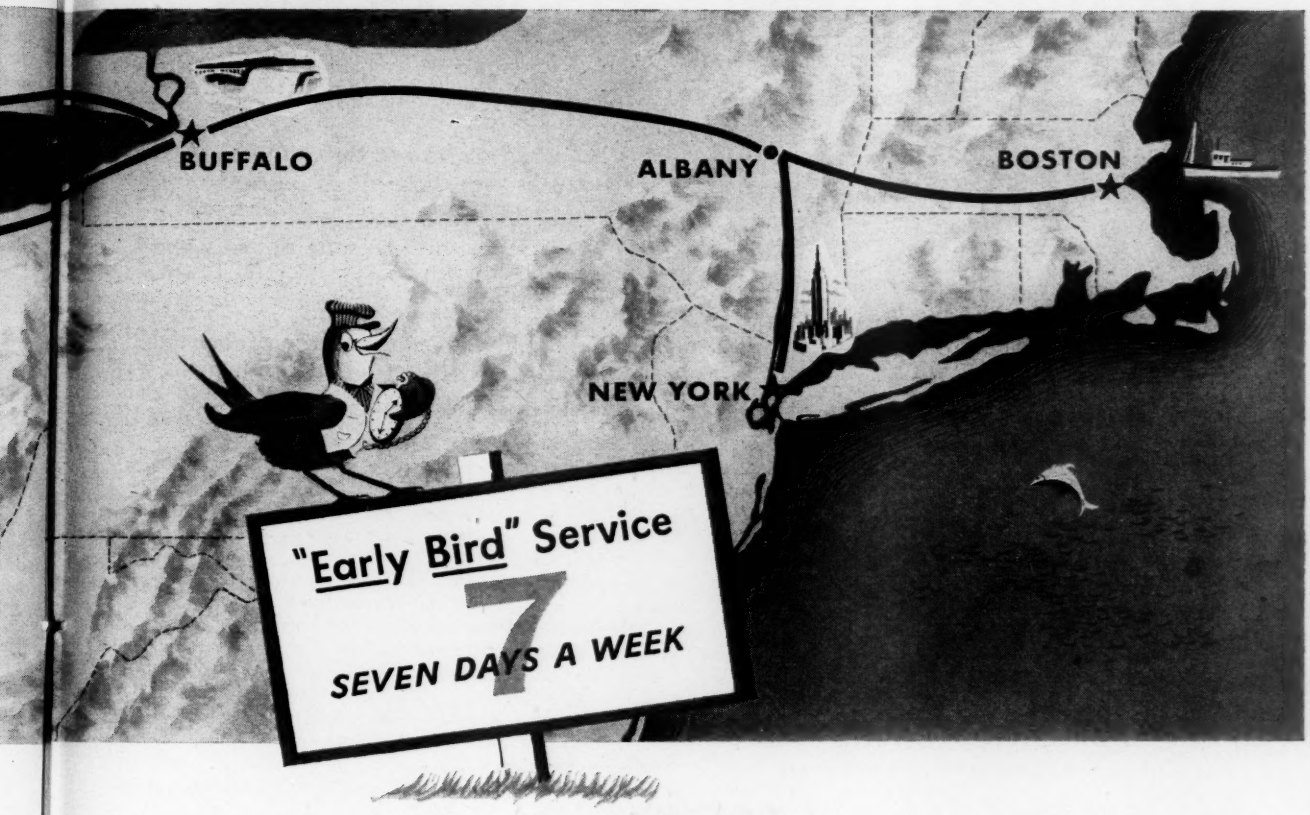

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Interview with BENJAMIN GRAHAM
Expert on Investments

HOW TO HANDLE YOUR MONEY

Never before have so many people had extra money out of income to save or invest.

Millions wonder where to put this money—for safety, return, rise in value.

Do U. S. savings bonds pay enough? Is common stock safe?

What advantages do municipal bonds offer? What about corporation bonds?

To get competent answers to these and other questions now raised for so many, *U. S. News & World Report* consulted an authority.

Benjamin Graham, security analyst and widely read author on investments, was one of the experts invited by the Senate to testify at recent stock-market hearings.

Mr. Graham also is adjunct professor at Columbia University's School of Business, where he teaches investment analysis.

At NEW YORK

Q Do you recommend, Mr. Graham, that a man of moderate means include, as a general rule, some common stock when he invests his savings for the long term?

A My answer would be definitely "Yes," under normal conditions.

Q Why?

A Because common stocks have the advantage, in the first instance, of representing sound, growing investments in the American economy, with a higher return than you would get on bonds, and, secondly, because they do carry some measure of protection against inflation—against further inflation of the kind we've lived through as a result of the last two wars.

Q Would you say there is some risk in not including some common stocks in long-term savings?

A Yes. The experience of my lifetime has shown it is a very definite risk to have your investment only in bonds.

Q Will you detail that a bit for us?

A Yes. Since 1913, the price level has approximately tripled, and, at the same time, interest rates have gone down a good deal. The old bonds with high coupon rates have been pretty well called, no longer exist. The result is that the man whose investments were solely in bonds has suffered both a reduction in income return on a percentage basis and a large reduction in the purchasing power of whatever income or principal he had.

Q Will you give us the other side of that now? What would have happened to the same man if he had bought some stocks?

A Well, if he would have diversified his holdings among representative common stocks in 1913, or in most other periods since 1913, he would have had an advance in value and in income which would have at least kept pace with the rise in the cost of living.

Q Now a man with an income of, say, $5,000 who has but little saved, and doesn't expect to accumulate much out of that kind of income—would you recommend any common stock for him?

A On the whole, I would say "No," largely because what he could gain by having a common-stock component in his savings isn't large enough to warrant the amount of intelligence and character needed to carry on an investment program in common stocks soundly.

Q He would be better off to buy something with a safe principal and a fixed return?

A I think so, even though it involved some risk of loss of purchasing power.

Q And in a situation like that, would you recommend, say, No. 1, insurance and, No. 2, Government bonds? Or what would you recommend?

A Yes. I think the usual combination of insurance and Government bonds is correct.

Q What is that combination—what proportion?

A Well, that's difficult to say, because I think the insurance depends almost entirely on his protection requirements. I don't believe that the amount of insurance should be related to his savings program particularly. The savings are important in insurance, but they are incidental.

Perhaps I should correct my previous statement a little bit by saying that it is possible for the small man, the $5,000-a-year man, who wishes to build up an interest in common stocks out of his rather modest savings, to do so reasonably well by following one of these accumulation programs in the investment-fund area—

Q Investment companies?

A Yes, investment companies. Yes, he could do it, and I think on balance it would probably be better for him to do it if he wants to do so rather than not to do it. There are some risks involved in that program, but there are also some advantages, too.

Q If he goes into that, you would recommend three elements, then: whatever insurance his family needs for protection, some savings bonds, and some investment-company purchases?

A That is right, yes.

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Who Should Buy Common Stocks . . . Ways to Offset Wide Price Swings . . . Investing at Different Income Levels

Q When you speak of Government bonds, you mean savings bonds?

A Oh, yes. I see no reason whatever for the small man to invest in Government securities other than the very attractive savings bonds which he now can buy.

Q You think they are a good buy for the average man?

A A very good buy in terms of fixed-interest investments.

Q You are talking primarily about the E bond?

A The H bond and the E bond. Actually, the E bond is better than the H bond because a man who is saving doesn't need to get current interest and reinvest it. It's better to have it compounded for him automatically.

Q This $5,000 man we were talking about—

A Actually, I should like to say this about the $5,000-a-year man. The original question assumed that his $5,000 was pretty well fixed. But that may be rather unrealistic. Most $5,000-a-year men are expecting to earn more than that as they go along, in one way or another.

The young man who has reached $5,000 in his career naturally expects to do better, and it wouldn't hurt him at all to start out in some common-stock program and get an education in common stocks, in part, by practice.

Q He would get mostly education, wouldn't he? Because he wouldn't have enough surplus income to invest much—

A No, but I mean he could start with the small amount that he has in his savings to do something in the common-stocks field more advantageously for his future program than in connection with anything he may accomplish now. For example, if he's going to make mistakes, it's better that he make them with the small amount of money that he has than with a larger amount of money that he might have later.

—Greystone Studio

BENJAMIN GRAHAM

Q Would you say there are many men in the $10,000 and $20,000 group who should be buying stocks but who are not?

A I'd put it this way: There are thousands who should have been buying stocks and who didn't.

Q But with the market level aside—

A Market level aside, I would say that $10,000 to $20,000 men would be well advised, as a whole, to have a systematic investment program in common stocks.

Q How should their investments be divided, roughly?

A On the whole, they can go higher in the common-stocks spectrum than the persons who don't have earnings independent of capital. They could get into the two-thirds-common-stocks area very soundly.

Q Why?

A I think mainly because of the fact that they can take the risks involved in changes in the economic situation from year to year with more equanimity than those whose sole financial support is their capital funds.

Q You mean they are less likely to face a time when they have to sell their stocks whether they want to or not because they find that the price has gone down—is that it?

A That's the way it's usually expressed, but my experience has been that it's not the outer compulsion that governs it so much as the inner compulsion, drive, the inner apprehension. Most people sell stocks at low prices not because they have to but because they are scared.

Q They won't hold on long enough?

A They won't see the situation through. Let's take a widow who has all her money in common stocks, or nearly all, and is doing pretty well with it for a while. Then the market has one of its old lashings, it collapses, and she finds her principal value greatly reduced. She is likely to get so panicky that she might sell out at the bottom, or near the bottom, and have a harrowing experience as a result of that.

A businessman or a man with a career earning a good deal of money may do the same thing, but he's not as likely to do it, particularly if he has educated himself to know and be familiar with the normal vicissitudes of the stock market.

Q You were talking about putting two thirds of savings for the long term in common stocks. Which man is that—which man should do that?

A That would be the $10,000 to $20,000-a-year earner who feels he may go further than that in the future.

Q As we go on up higher, as we get into $25,000 and $30,000, would you recommend a higher proportion in common stocks?

A I don't believe so, because, when you get beyond that range, you get to a different question where it's not so essential to try to get the maximum results out of your investment, but it becomes important to feel that you are protected against any eventuality.

One of the advantages of having a lot of money is that nothing should be able to hurt you. If you have a fair amount of your money in the Government-bond area and another fair amount in common stocks, you're in an ideal position.

Q Do you recommend corporate bonds for the man making $20,000?

A No. I don't see any reason under conditions today, and those we've seen for many years past, why a man should buy corporation bonds.

Q Why?

A The yields of the good bonds are only slightly in excess of what he could get on U. S. savings bonds. On the second-

(Continued on next page)

. . . "Investing a few thousand—you can't do it casually, by tips"

grade bonds, the risk element offsets, approximately at least, the additional income. There is, of course, the question of tax-exempt bonds, which is a separate factor; a $20,000-a-year unmarried man might find the tax-exempts interesting, whereas the married man with $20,000 income probably wouldn't.

Q We've been talking up to now, by implication at least, only about investing money to get income. Is there a stage at which investments become logical for long-term appreciation—that is, where profit can be made by an advance in the market value of a security?

A Oh, yes. I think in the early part of one's career, in business or the professions, if you have considerable interest in financial matters, as many people have, and want to educate yourself as far as you can in finance, there, if you wish to get the full advantage out of your education, the advantage would be in investment for appreciation. The rewards are greater, of course, in appreciation than they are in income, and there's no reason why a person shouldn't aim at those things.

Q Even at a relatively low income level?

A He could do that, too, as a matter of fact, and get more interest out of life, being a skillful investor for appreciation on a small scale, than he would if he just did it to get a few dollars a year income.

Q You think the average person is capable of doing this?

A Well, taking everything into account, I would say "No." I mean, if you took a person at random and gave him the ideal surroundings and education and counsel, and so on, you might turn him into a person capable of doing this. But, under the circumstances in which he lives, he probably would not do a good job.

Q Who would, then?

A It would be good for a person who has considerable native intelligence and ability and who has a real interest in financial matters and is willing to devote the amount of time and energy to it.

Q And who has time for it—the time is important?

A Well, everybody has enough time for it. It's really the determination that counts. I mean, investing a few thousand dollars is not a full-time job. But it is a job that you can't do casually, by tips, and so forth.

Q Where can the average man get his information? How does he go about it?

A You mean his education. Information is one thing and education is another, a more fundamental thing in connection with investment. Naturally, the way he can do that is by pursuing some of the avenues of instruction that are open. He can take courses, as many do. Those who are in New York, of course, have a better opportunity than those who are in small towns.

Q Around the country, though, many can't get such instruction, can they?

A Well, the average man won't do it. But I wouldn't be willing to admit that he can't do it. A person who is really determined to prepare himself to be an intelligent investor can do it. For example, he can take a correspondence course. You learn the job just the way you learn to play the piano.

Q What about the man who lives where such a course simply is not available? As a matter of fact, most people aren't willing to devote the time for such courses, anyway. What's the next best thing?

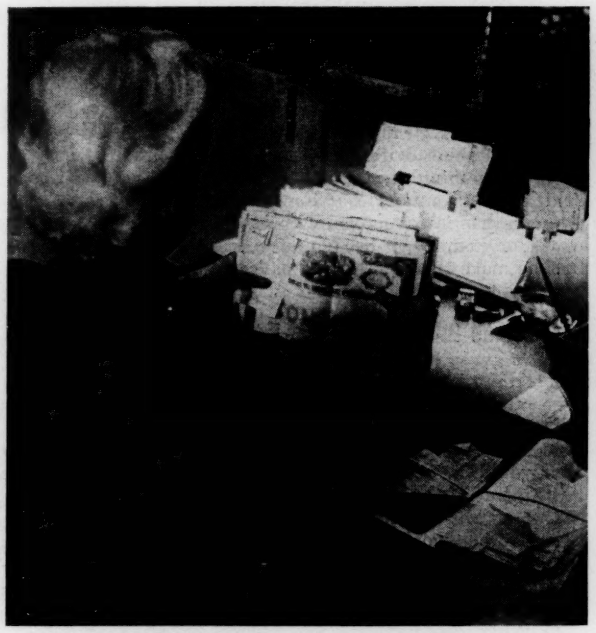
A The next best thing for him to do is to decide that he cannot expect to get optimum investment results without this optimum preparation, and consequently he has to accept a more representative or average investment program. He can do that by deciding to follow a simple but very definite plan—first, dividing his money into the compartments we discussed before and, secondly, following a systematic and simple procedure with respect to the common-stock components.

For example, I suggest that he buy investment-company shares on a regular basis. That brings in the concept of dollar averaging, which has now become so familiar and popular. That would be a sound procedure. The main thing for him is not to go off suddenly on a tangent, believing that he had suddenly become an expert because the market has gone up and he has been making some money.

Q What do you mean by "dollar averaging"?

A Dollar averaging is a method of investment under which you set aside regularly a fixed amount of money and invest it in common stocks generally, either in a single common stock or preferably in a group investment through investment-company shares. By investing the same amount of money at regular intervals—say, every three months—you get two advantages. One is that over the years your investment reflects the average market price rather than the high market levels—which is where you are likely to buy if you follow the crowd.

Secondly, the arithmetic of dollar averaging gives you more shares at the lower prices than at the higher prices, so that your average cost is lower than the arithmetical average. If you are putting $1,000 in one kind of stock and the price is $10, you'd get 100 shares. If later it's $20, you'd get 50 shares. You bought more stock at the $10 basis than at $20. Consequently your average price would be less than $15.



COMMON STOCKS: "They do carry some measure of protection against inflation"

. . . "Dollar averaging—the soundest and most simple plan"

Q Do you think the dollar-averaging plan for an individual is sound?

A Yes, I think it's the soundest and most simple plan open to everybody that I know of.

Q About how long does it take for dollar averaging to produce results?

A Over past experience, it's generally felt that a seven-year period is a kind of minimum. A 10-year period is usually the one that is talked about.

Q That being the case, one could start at any time?

A Yes. The reason you talk about a 10-year period is that past analysis shows that had you started at any time, even at the top of the market in 1929, you would have done all right by 10 years later.

Q Then the man of moderate means has two alternatives in buying stocks: If he hasn't a lot of time and know-how, he is well advised to buy conservatively, either to buy investment shares or to buy well-known stocks when they are at reasonable prices. Or if he has a lot of time, then he can go into it with more detail, take more risks, buy lesser-known shares, and not be so conservative about it. Is that the sum of it?

A I would question, in a way, your expression. You mention the fact that he would take more risks, and that is the usual concept where one buys securities that are not so well known. But when you consider the matter carefully you'll see that the purchase of securities that are not so well known at low prices—which is what a man wants to use his particular skill for—does not really involve more risk. It involves less risk on the whole. It only appears to be riskier.

Q Still, the point is that, if he doesn't have the time to think about it or the know-how, he's got to buy something like investment-company shares or the standard blue chips—isn't that right? He has no other choice, has he?

A Yes, that's true. And, when he departs from those procedures, the chances are that he will make mistakes, and perhaps very serious mistakes, by buying the kind of thing that's called to his attention by salesmen or others who operate by tips.

Q When a man is planning to use dollar averaging, the first thing he wants to do is to select a group of stocks that he's going to buy. Now, maybe he'd prefer to invest directly rather than through an investment company. What should he do? Should he go to his broker to seek advice?

A I don't want to disparage the service that brokers can render. I think they can render good services in many circumstances. But I don't believe that on the whole the service they can render for this particular man would turn out to be best. Because his limited objective is to buy sound securities over a period of years, and it's easier for him to follow that general principle than it is for him to get good specific advice.

The broker is likely to have his thoughts pretty much on what seems to be good at the moment, and that would not fit in too well with this long-term investment plan.

Q What would be the best plan for this long-term investor? He's going to try to select a group of investments that he is going to buy over a period of years and he does not feel confident in himself to sit down and figure out what those issues should be—

A It seems to me that the investment company is just made to order for that man.

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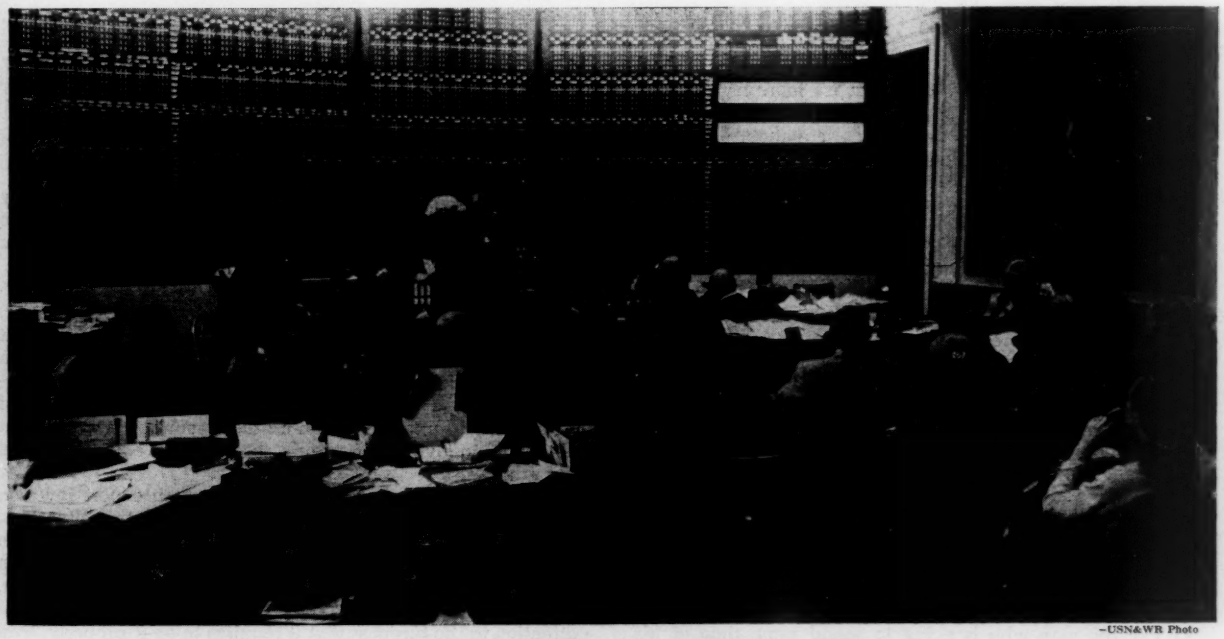


–USN&WR Photo

WATCHING THE PRICES IN A BROKER'S OFFICE

"A person who is really determined to prepare himself to be an intelligent investor can do it"

. . . At $100,000, "half to two thirds in common stocks"

Q But aren't investment-company shares expensive to deal in?

A They are expensive on a short-term basis. They are not particularly expensive on a long-term basis. The commission rates run, let's say, 7.5 to 8 per cent. If a man were to hold his investment for a 10-year period, that would mean it cost him about three quarters of a per cent a year on his principal. He's also paying a certain amount, perhaps 6 or 7 per cent out of the income, for operating expenses. While that is not negligible at all, I don't believe it's prohibitive.

One thing you must remember is that if he bought his investments directly and then later sold them, he would have an aggregate commission that might be about one third to a half of what he would pay to buy into an open-end investment fund.

Q So that the investment fund is for the man who is making long-term investments, the man who is saving for the future?

A Yes, by all means. I don't think it makes sense for any proposed investment for less than a number of years.

Q And particularly for the man who hasn't great amounts to invest and not too much time to go into it?

A Well, it's not limited to him necessarily, but it's of greatest advantage for the man who wants to invest over a period of time in a simple manner.

AT $50,000 OF INCOME—

Q What about higher up in the income scale? What about the man who is earning $50,000 a year?

A He, naturally, would feel that he would like to look over the situation in investments at least and consider making decisions of his own in the kind of securities that he wants. The amount of money that he has would make it worth while to give it thought and considerable care. I'm not so sure that this man would necessarily do any better than he would do if he bought investment-fund shares; but it's more natural and more interesting for him to do other things.

You must never minimize the personal equation. Most men like to make their own decisions.

Q To go back to what a man can do—is it impractical for the average investor, for instance, to deal with an investment counselor?

A For the small man, yes. The investment counselor generally deals with a person with $100,000 or more to invest in securities, particularly common stocks. It doesn't make much sense for a man to bring to an investment counselor a $50,000 fixed-bond portfolio. He can invest that money in bonds without paying the charges of an investment counselor. You need to be fairly wealthy to do that.

Q What about the investment services that are published monthly or weekly?

A Frankly speaking, I don't know much about them. But it's obvious that the small man couldn't soundly pay money for a weekly investment service and try to follow their suggestions every week or month. That would imply that he is going to be active all the time in the market, and that is an entirely different thing from the kind of investment that we are talking about. If he's a speculator, that's another story.

Q For the man who is going to spend some time of his own, instead of buying the Dow-Jones list or investment shares—and you've already suggested that the broker can't help him much—where does he get the factual information that he needs in order to exercise his own judgment?

A Now, I don't want to do an injustice to brokers here. I would say that the man who had a purely conventional program and wanted to select some issue for long-term, repeated investment probably wouldn't get much help from a broker. On the other hand, if he wants to do a continuous study of the financial and business situation, he could get advice from a broker.

Q What does he get from a broker?

A In the first place, he'd get the information he needs in convenient form—

Q The factual information?

A Yes. He doesn't have to subscribe to Moody's and Standard & Poor's, and so on. He can use the broker's facilities.

Q The broker will tell him about a company's financial condition, its record, dividends, and that sort of thing?

A That's right. He can get all of that data, which is, of course, essential if he wants to do any studying. He can get analyses from the broker—presenting the information in a little better way, perhaps, than he could get it himself by just reading the sources. And he can also get points of view, recommendations, and so on, which may be better, on the whole, than ones he would make up for himself.

Q What about a man with a $100,000 income? Take a man with that much income and considerable savings laid aside—how should he divide his savings among various types of investments?

A I would say that under normal conditions, in the light of the experience of the last 50 years, he would likely aim at anywhere from one half to two thirds of his investment in common stocks as his objective.

Q And the rest?

A The rest could be in insurance savings, to some extent, though generally the insurance savings are not considered a part of your funds today. They do act as a protection. Any combination of Government bonds and tax-free bonds—municipal or State bonds—would do for the rest.

STOCKS FOR $100,000 MAN—

Q What is the kind of stocks that this man should buy on a dollar-averaging basis? Is he going to buy the blue chips? Is he going to buy his stocks in terms of long-term growth?

A That man is probably not going to be such a dollar-averager, because the higher up you are on the income scale, the more variable, generally, is the amount of money that you have available for investment. It's not so simple for him to adopt or pursue a dollar-averaging plan. Typically, he invests money as it becomes available. There his selection of stocks will, I suppose, depend on the amount of attention that he is able to give to the subject, his personal equipment, and so forth.

If he wanted to become something of an expert investor, then he would go over into the field of interesting situations, based upon his knowledge and study. They could include "growth" stocks, on the one hand, they could include bargain securities on the other, and special situations of various sorts. If you assume that he doesn't want to give the amount of attention to the business that it requires to do it properly, then actually there isn't too much point in his trying to be selective at all.

. . . "A widow with $50,000—almost an insoluble problem"

That's where a broker can come in handy. He asks the broker from time to time to make up a list of good, representative securities, of the kind that are in the Dow-Jones industrial average, and he would probably do about as well with these as he would in trying to use a rather inexpert way of picking out the things that seem to be good to him from year to year or day to day.

You know, people say there's no point in comparing things with the averages because you don't buy the averages. And I've always added: Why not? There's no particular reason why a person couldn't buy 10 shares or 100 shares of all the stocks in the Dow-Jones averages and actually get their results. People don't do it, for one reason or another, but there's nothing impossible or unsound about it.

Q But for the average fellow who does not have an opportunity or inclination to become expert, to follow the situation very closely, you think that buying the blue chips would be about as good as anything that he could do?

A Yes. He should do that normally. But, as I've said often, he ought, however, to be reasonably sure that he's not paying excessive prices for them.

Q By definition, isn't the growth company one you think of as putting a large part of its profits back into growth instead of paying it out in dividends?

A That should be the idea of a growth company—

WHAT A "GROWTH" STOCK IS—

Q Unless you think of a uranium company—

A Well, that's another type of thing. But basically a growth company is one which (a) will be expanding its business and its profits at more than the average rate, and (b) will in the course thereof be investing a large part of its profits back in the business.

Q When you get into the growth stocks, you get into a situation where a man needs a good deal of knowledge?

A I think so. But even then it's hard to tell how good your knowledge is, because growth stocks lead to the future, and you don't really ever have any knowledge of the future. You may have a more expert guess than the other man, but it's still a guess. And many mistakes have been made in buying growth stocks on the theory that the future will duplicate the past.

Q In trying to buy something for long-term growth, you ordinarily have to recognize, one, that you are taking a chance and, two, you perhaps have to sacrifice income along the way in order to achieve a long-term growth. Isn't that ordinarily the case?

A Yes. The chance is basically related to the point that you pay a higher price for a security in terms of its past and current earnings and dividends than you would for nongrowth securities, and there is always a possibility of disappointment. The company would have to be better than the average company to justify the price you pay for it. Maybe it won't be, but you think it will.

You start with a sacrifice of income generally and you are apt to find it continuing for some years. But that is not particularly important to people if they are right in their estimate of the company's future expansion. The fact that the income is small is not a real sacrifice if you don't need the income to spend.

Q What about a widow who gets her husband's insurance of, say, $50,000? How should she invest it? Or should she leave it all in the insurance company, drawing monthly payments?

A Well, the widow would like, if possible, to earn enough income to pay her living expenses. Naturally there is a great aversion against using up capital. Yet, for most widows of whom we are talking, those particularly within the $50,000-to-$100,000 capital range, that's almost an insoluble problem.

Q You mean with those sums there isn't enough income to leave the capital alone?

A Not if she were dependent upon the income from that money—unless she were living in rather unusual conditions, a very small town, and so forth, where her wants were extremely limited. But the average widow wants to live somewhat in the style to which she was accustomed when her husband was accumulating $100,000 in one way or another, including insurance, and she would find it very difficult to make it do. And that, as you probably know, is one of the most difficult problems that investment counsel have to deal with nowadays.

Q How is it usually resolved—by a compromise?

A Yes, it's usually resolved by a compromise. There's been a tendency through recent years to be bolder and bolder in advice to widows, suggesting that they consider getting up pretty high in the percentage of investments in common stocks on the twin grounds, first, that they do need the income badly and, secondly, that it's not unsound or risky for them to put their money in well-selected or representative common stocks. And that advice was really good advice at a time when one could say with conviction that the price level of common stocks was an attractive one.

Q That's for the widow with $50,000. Now, for the widow drawing a smaller amount, $10,000 or $15,000, you would not suggest that she put any part of it into common stocks?

A I think not. I'm afraid that, when you take into account the psychological factors in that kind of thing, which can create real problems, and compare that with the monetary advantages of a small common-stock investment, the psychological dangers far outweigh the monetary advantages.

WHY PREFERRED STOCK—

Q What do you think of preferred stocks?

A Preferred stocks are a hybrid investment. Theoretically they are all wrong, but that doesn't prevent them from working out all right practically. I say they're all wrong because, for one thing, if they are really a good investment for the investor, they are not a good security for the corporation. The corporation should issue a bond and get the advantage of the income tax saving. If the corporation can't afford to issue a bond for that particular amount of capital, then they're not too good for the investor. That's the way it is in theory.

In practice, however, many corporations issue perfectly good preferred stocks—I think by a wrong policy on their part—and investors can buy them soundly. The history of preferred stocks is not quite as bad as you'd expect it to be. Nevertheless, it turns out that when the market is weak, preferred stocks generally behave quite badly, not nearly so well as bonds would behave if they were in the same general position.

Q What about mortgages as an investment for the individual?

A I've felt that the FHA guaranteed mortgages are per-

(Continued on next page)

. . . "Ordinary man more apt to get poorer by speculating"

fectly sound. We've bought them for insurance companies that I am identified with, and I see no reason why the individual shouldn't buy them, except that they may be a little too much of a nuisance for him to handle. I am not experienced at all in the mortgage field for individual investors. But in principle I don't see why an investor couldn't do quite well with these guaranteed mortgages. I'm convinced that the Government's obligation there is perfectly dependable.

Q Actually, only in rare cases do individuals buy mortgages, corporation bonds and preferred stocks—isn't that generally true?

A Well, it used to be true that bonds and preferred stocks were a standard part of portfolios—and they're still a standard part of portfolios administered by banks for even average investor clients or trust funds. But now the tendency—and I think it's a sound one—is in the direction of dividing the individual portfolio into either Government bonds or tax-free securities on the one hand and common stocks on the other.

Q Going into this current stock market, you've indicated a couple of times that some of your answers would not apply to the market as it is today. Is that right?

A Well, it might not apply. What I meant was that, if one believes that the present market is definitely too high, it would not be sound for an investor to start out by putting a substantial part of his funds in it. There is some question whether he should start dollar averaging when the market is too high.

FOR THE NEW INVESTOR—

Q For the average man who has never invested in stocks, but who now discovers he has a surplus income and feels that he should start building up some equities—should he not start today at the current level of stock prices?

A The best suggestion I can make is that if he were sure that he could follow a dollar-averaging program, he could start today. If he has any doubts on that subject, either because of his financial situation or his psychological situation, I'd advise him to hold off. This is not the most satisfactory time to start in stocks.

Q Might it be better for him to wait anyway, even if he thinks he can keep his program going?

A Well, waiting is a difficult operation itself. While you're waiting, you're wondering how much you're missing, whether you'll ever have a chance to get back at a better time. When the chance does occur, you wonder when is the right moment to start coming in. All those things are difficult decisions to make. It's easier to do the thing mechanically than it is to do it by these judgments.

Q From what you say here and what you've written, you do not advise people to speculate—ordinary people, that is. Isn't that right?

A Well, being against speculation is almost like being against sin. But speculation really is a sin to the untrained member of the public.

Q So that the ordinary man is not going to get rich by speculating on the market?

A No, but more apt to get poorer. The main point is that a man can earn some money by taking a sensible attitude toward investment, but I don't see how a man can earn money by being an untrained speculator. He just doesn't put enough into it to justify his hopes of getting something out of it.

Q Do you have the feeling that we are at a point in history where, again, the market fever is hitting the little people and that speculation with cash savings is possibly going to spread to rather dangerous levels?

A Yes, I'm quite apprehensive about it.

Q Do you think a good many issues are too high now?

A Yes. That is undoubtedly true.

Q This would indicate that there are a good many well-accepted issues which today would appear to be overpriced?

A I think that's so. I think they carry with them some dangers.

Q Do you also feel that there are issues in the market which are underpriced?

A Yes. I think there are considerable numbers of those issues. Actually, among the thousands of issues that are dealt in, quite a number of them are still selling at considerably under what I would consider to be their true value. However, I should add that nearly all of those securities tend most of the time to sell under their true value .

Q So that they would later as well as now?

A Yes. Except at more or less the top of the market.

Q How does one identify these issues?

A The simplest test that I've had is the value of the company as a private business. If you can look at a company and say that at this price for the stock the whole enterprise is selling at a figure which is clearly less than it would be worth to me if it were my business, if I owned it—you can divide the figures by 10 or 100 to make them comparable to the kind of business you are familiar with in private practice—if that test shows that the price is quite low, then it's generally a reasonably good guide to your evaluation of the stock itself. In some cases, the very fact that the company is selling considerably under the working capital alone, with no value given to all the fixed assets, is a prima facie indication that the price is too low.

BUYING ON MARGIN—

Q What is your opinion of an individual buying stocks on margin?

A I would say the average member of the public, who does not make a business of buying and selling securities, makes an error in buying securities on margin—most of the time. It would only be under exceptional circumstances that he would be justified in doing so.

Q Such as?

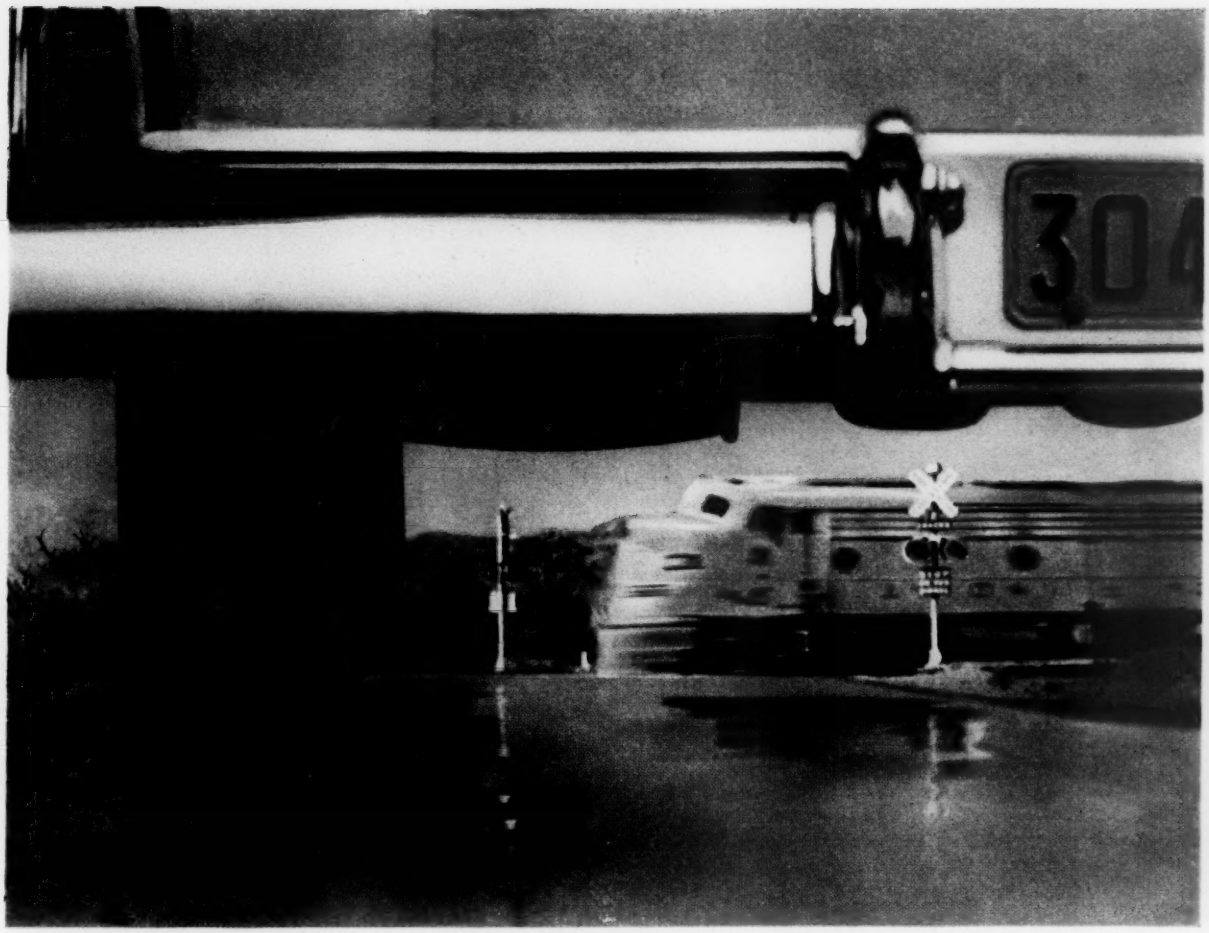
A Such as the conviction on his own part that the market level is unusually low.

Q Should the man who has considerable money to put into investments, and who has been doing so, should he perhaps compromise at this point and continue buying more carefully?

A No. I think if you take the man you are talking about—he's already been in the market and has a considerable stake in common stocks now—it would be sounder for him to start a selling policy at this stage. It could be on an upward scale, involving small amounts at present, or if he really feels apprehensive, he should sell larger amounts. Nobody can tell him how fast to sell.

Q What does he do when he sells—put his money into Government bonds until the market goes down?

A I imagine that's what he ought to do. He may wait a year, decide he was wrong, and then go back in the market on a dollar-averaging basis again. At least he could say he was wrong intelligently.



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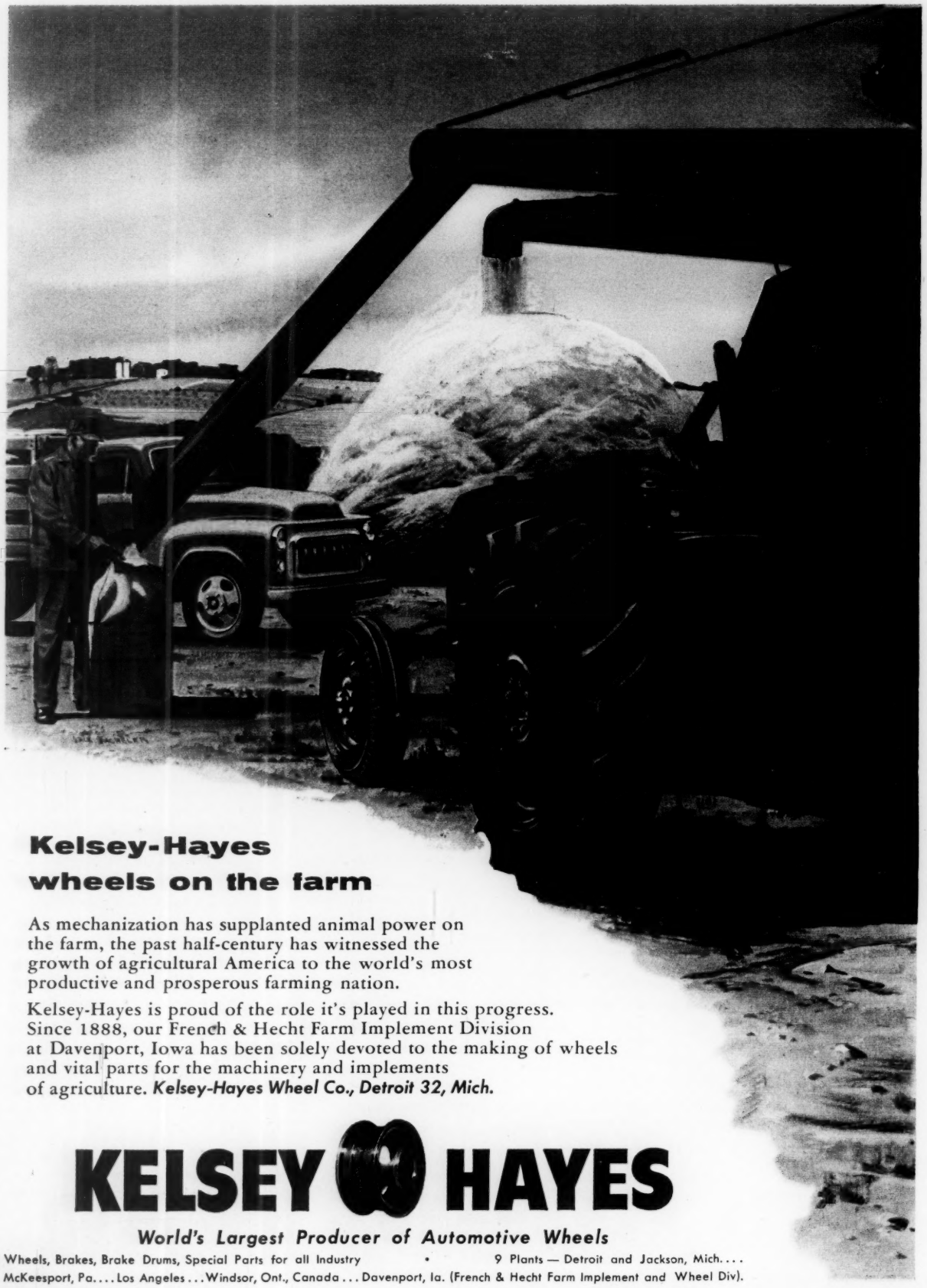

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FROM THE CAPITALS OF THE WORLD

BONN....BELGRADE....PARIS....ALGIERS....

>> Europe's diplomats have a new set of fears--not fear of war, but fear that Soviet Russia is about to propose concessions so sensational that people in Europe will be swept off their feet, stampeded into acceptance.

Hooks in the Soviet bait, it's feared, will be hidden from public view.

End of "cold war" will be the bait. So anything that even looks like a concession may be snapped up before the diplomats have time to turn around.

The diplomats are afraid Moscow's "peace" campaign has been too successful.

>> To understand why experienced diplomats in Europe have these fears.....

Austrian deal has left Europeans dazed. They first welcomed it as a great victory for the West. Now they are not so sure. Military men are beginning to point out that, with Austria neutral, defense of West Europe will be harder.

A German deal, on the Austrian pattern, is thought to be in Moscow's mind. What will happen if Moscow offers West Germany a gift package so attractively wrapped that the Germans feel unable to turn it down?

A Soviet-Yugoslav deal is similarly feared. Western leaders can't help wondering what's up when the top men of Communist Russia not only turn off their anti-Tito propaganda but travel to Belgrade to visit Marshal Tito, the man they used to call "fascist beast," and publicly beg his forgiveness for their sins.

Soviet behavior like this arouses suspicions. There may be a catch in it.

>> Inside Yugoslavia, you get these impressions of the Moscow visitation:

Yugoslav officials, from Marshal Tito on down, see the visit as a great personal victory for Tito over Moscow. They are not being swept off their feet by the Soviet about-face. Tito is keeping his guard up--and jailing, for time being, Yugoslav Communists who might welcome the visitors too enthusiastically.

The man in the street is baffled by the visit, and a bit scared. He sees Belgrade all prettied up, sees a new landing apron installed at the airport just for the Soviet plane, hears the honeyed words, and is deeply suspicious. He can't forget the past. He wonders if the Russians are coming back to stay.

In Slovenia, for example, announcement of the visit touched off a wave of hoarding. Flour disappeared from shops and had to be rationed. People remembered how things were under the Russians, and were taking no chances.

>> When you talk with informed Yugoslavs, to get their answers to the question of what will come out of this Soviet pilgrimage to Belgrade.....

Will Tito return to Moscow? Nobody of importance in Belgrade thinks so, not after the way Moscow pushed Tito around before. Besides, Yugoslavs put a particularly high value on their independence. They hope to hang on to it.

(over)

What about a military deal? It's not in the cards, either. Tito isn't joining Moscow's new "security" alliance. He wants no Soviet officers stationed in Belgrade. Break with the West? Not if Tito can prevent it. There's U.S. aid to think of. Anyway, Yugoslavia isn't a formal ally of the West. Alliance with Greece and Turkey is regarded by Tito as a local affair, outside the big blocs.

Is Tito neutral, then? That's what it comes down to. His idea is to avoid military alliances with either East or West, while keeping Yugoslav defenses strong, and while doing business as usual with both the U.S. and Russia.

As Belgrade sizes up Tito's tactics: Tito's idea is to be nice to his Russian visitors, but not so nice that he might get hugged to death.

>> Tough bargaining between Tito and the Russians is to be expected.

Moscow wants to get Yugoslavia back on the old footing as a big supplier for Russia, on Moscow's terms, until Yugoslavia is again in hock to Moscow.

Belgrade, however, has a score to settle with Moscow.

There's an unpaid bill, the Yugoslavs say, in the form of damages caused by the blockade that Moscow imposed on Yugoslavia after the break in 1948.

The bill from Tito, as he figures it, comes to more than 400 million dollars. That may be more money than Moscow has in the till.

Soviet-Yugoslav negotiations on matters like this can be long and bitter.

>> You also discover this, in talking with informed Yugoslavs in Belgrade:

The Kremlin's purpose in visiting Tito is both to woo him and to convince the world, if it can, that Russia really wants to end the cold war.

Does Russia mean it? Maybe it does, top Yugoslavs think. Why? Because Moscow fears war, especially with troubles inside Russia to worry about.

Will Russia give up East Germany? Even that is possible, in time, people in Belgrade profess to believe. A neutral Germany, then? That's unlikely, even if Moscow does push for it, even though Yugoslavs would welcome it. Germany, unified, will be too strong, too independent to be content with neutrality.

This, at least, is the way people around Tito are sizing things up.

>> Tension is up sharply in French North Africa. There's no talk of relaxing tension in this part of the world. To give you the highlights.....

Premier Faure, in Paris, has dispatched another French division from Europe to Algeria to put down mounting disorders.

French forces in North Africa are thus increased to 100,000--more than France now has left in Indo-China. French forces in Europe are being cut again.

What France fears is that North Africa may be going the way of Indo-China.

>> Two questions: Can West Europe be defended with a shrinking French force? What happens to NATO, the North Atlantic Treaty Organization, if a key member can take its troops out of Europe whether NATO likes it or not?

>> In Paris, Premier Faure is in this spot: If he doesn't crack down hard on rebels and nationalist extremists in North Africa, the French Assembly may kick him out of office. But, if he cracks down too hard, moderate nationalists among the natives in North Africa may join the extremists, spread the revolt.

U.S., with expensive air bases in North Africa, is on the spot, too, until the new bases in Spain can take the place of those in Morocco.

WHERE DANGERS OF WAR ARE GREATEST

Unsolved Problem: Quemoy, Matsu and Defense of Formosa

Danger area for U. S., where war could erupt at any time, is still the Far East.

Hamilton Fish Armstrong, the editor of *Foreign Affairs* magazine, has just come back from that area. He talked to Chiang Kai-shek and other leaders.

How Mr. Armstrong sizes up the chances for peace or war is told in this article written for *U. S. News & World Report*. He weighs all the alternatives: Defend Quemoy and Matsu or sacrifice them; "unleash" Chiang or confine him to Formosa by making a truce with the Communists.

This is one view on an important question: Where should the United States draw its defense line around Formosa?

by Hamilton Fish Armstrong

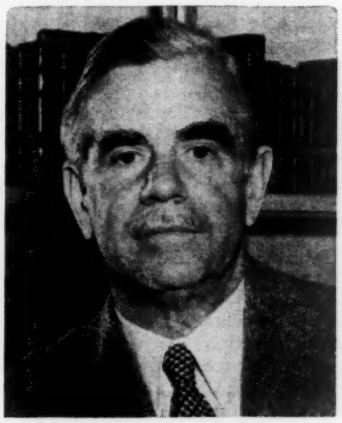
Editor of "Foreign Affairs"

"If I did not believe in our return to the mainland, I would not be here," a high Chinese Nationalist official assured me as he said good-by at the door of his office in Taipei. His statement might be taken in two ways, and both would be right.

Belief in the return to mainland China is a required article of faith for all members of Generalissimo Chiang Kai-shek's Government. If a Cabinet minister or general did not profess that faith he would soon be out of office and perhaps in jail. But it is also the core of the *mystique* which hard-working and highly intelligent officials need to sustain them through periods of depression. In such moments any rational expectation of regaining rule over the most populous nation on earth grows dim and the prospect ahead seems unending struggle to maintain a precarious hold on an island of some 10 millions of people, 8 of them different in many respects from the nearly 2 million mainlanders now crowded in among them and hence in varying degree unenthusiastic about the partnership.

The Nationalist Government's belief in the return to the mainland can be based on one of three hypotheses. One is that it can be reconquered as a result of a military landing on the coast. Another is that a war is inevitable anyway between the United States and the Communist bloc and that, as the Nationalists will be our ally, they will share in the eventual victory. The third is that there will be a change in the situation in Communist China which would result in the Nationalists being welcomed back without being called on to use much if any military force.

In theory, this might occur if the Chinese people were so mistreated by their present Communist rulers that they revolted successfully against them, and specifically if a change in the international situation facilitated such a revolt: for example, if Moscow should cut off the economic and military help which it now furnishes to Peking. This last possibility seems at present exceedingly remote. Even so, the chance that it might come about, being dependent on so many unpredictable factors, must be set down as greater than the chance that the present Nationalist armies could land in force on the coasts across from Formosa and maintain themselves there successfully.



HAMILTON FISH ARMSTRONG

The Generalissimo is a courageous and resolute person, and he professes to believe, and very likely does in fact believe, that if the United States would furnish him with more supplies and give him moral support he could land forces at one or several points on the mainland, and that once he had done so the Communist regime would not be able to prevent the Chinese people and even many military units from flocking to his standard.

In describing this undertaking to me, he specifically said that United States forces need not and should not participate. The United States ought to encourage the undertaking instead of discouraging it as at present, and should vastly increase the present flow of naval, air and ground equipment in categories needed to prepare for offensive operations. After the actual landing, the United States would presumably continue to maintain a tremendous pipeline of munitions, oil and food across the Pacific and into the area of combat. However, it should let the Chinese Nationalists do the actual fighting and come in only at the end as arbiter of the terms of surrender and guarantor of the new democratic regime.

To support the hope that the Chinese people would flock to him if he reappeared among them, the Generalissimo is able to point to the very large proportion of the Chinese Communist troops captured in Korea who chose to join the Nationalists in Formosa rather than return to Communist territory. And it is true, as he emphasizes, that they made the choice in spite of the

. . . "The Chinese peasants are angry but helpless"

fact that coming to Formosa probably meant abandoning the chance of seeing their families again as well as accepting a new period of Army service in the Nationalist uniform.

Against it, of course, is the difficulty, almost impossibility, for unorganized masses under iron dictatorial rule to prepare or take any sort of revolutionary action. There are many indications that great sections of the Chinese people are unhappy and discontented. The peasants are disillusioned; they have gotten the land, but their taxes are now higher than their contributions to landlords used to be. Their rice and grain crops are subject to Government monopoly and are taken over automatically in their entirety at less than what would be the normal market price, and what they need for their own sustenance is then sold back to them at a higher price than they have just received for it. They are angry but helpless; so helpless that though there are countless reported cases of peasants who stamp out of village meetings shouting curses at the Government representatives, the Government does not bother to take retaliatory measures against them individually but lets them seethe in helpless anger, knowing that if repression should ever become necessary the economic weapons of starvation are ready at hand.

Starvation Ahead in Red China?

True, there are signs that the Communists are pushing ahead with the collectivization of farms regardless of cost, as the Soviets did in 1929 and 1930. If so, and if millions of deaths from starvation result, the regime may try to fill the gap in the national food supply by taking over the rice-surplus areas of Southeast Asia and at the same time might wish to give evidence of its invincibility by forcing a showdown on outstanding political and territorial problems. In this respect peasant sufferings and protests may actually intensify the regime's willingness to take risks in the foreign field.

There also is disillusionment among the intelligentsia, some of whom felt that no regime could be worse than the old one had been and were willing to give Communism a try on the basis of its ideological premises. They are being destroyed along with the rest of the middle class, or at any rate those who were writers have disappeared from the newspapers and other public media of communication.

The degree to which family life has been broken up by the Communists is variously reported. Some say that it has been done so effectively that once children are of school age they are apt never to see their parents or other members of their families again; they are transferred about methodically from school to school, from school or college to job, always in different localities, and end up mere items in the state machine, without roots, sentiments or individuality. Most competent authorities maintain that such is indeed the Communist program, but that it is practiced only with a limited number of upper-class and middle-class families who for special reasons might be dangerous.

There seems to be no doubt that the regime gives great attention to indoctrinating the youth, and even devoted Nationalists agree that it is producing results. One Nationalist Cabinet minister told me that his hope for a future reversal of fortunes sprang mainly from the fact that the Chinese Communists were sure to make all the mistakes that the Kuomintang had made, plus perhaps some others such as the effort to break up the family and eradicate traditional feelings and practices. But in the next breath he was saying ruefully that so far they seemed to have been more efficient than their predecessors had been. "They have added efficiency to the Chinese character," he said.

Efficiency added to brutality does not presage a breakdown, and in fact I encountered no experienced observer in any part of the Far East who expects one in China in the foreseeable future, despite the regime's unpopularity among many classes and in all age groups except the youth. Discontent in the Chinese Red Army itself is similarly discounted, notwithstanding the many soldiers taken prisoner in Korea who chose not to return to Communist rule; until they had been taken prisoner they fought well, because they had to.

The factor not mentioned in the Generalissimo's program for recapturing mainland China by force, although without direct American participation, is, of course, Soviet Russia. To whatever extent the United States undertook to supply Generalissimo Chiang Kai-shek with the arms, ships and planes necessary to establish a bridgehead on the coast of Fukien, Soviet Russia would certainly, as things stand today, supply the Chinese Communists with sufficient arms and planes to prevent a landing or exterminate the Nationalist forces which did land. In that event, would not the Generalissimo call on the United States for the direct help which he now trusts he would not need? And if we had spent vast amounts of money and supplies to outfit the Nationalist expedition, would we, when it got into desperate difficulties, stand aside and allow it to fail?

If the United States decided to send an expeditionary force to help Chiang in his extremity, Soviet Russia would surely take countermeasures to the extent necessary, in which case American and Russian troops might soon be facing each other alongside of their Nationalist and Communist Chinese allies. The European allies of the United States would view the whole enterprise with extreme disfavor. In the case of Korea the Communists were international aggressors, and joint action to resist them was decided upon in the United Nations. Our European allies would regard our military action in these new circumstances as intervention in a continuing civil war. It is hard to think of one of them that would give us political support, let alone send troops to help us.

Presumably South Korea and perhaps the Philippines would make common cause with the Chinese Nationalists and the United States. Japan might be involved against its will, since it is an American military base and its territory might therefore be subjected to retaliatory bombardment. No one of the three mentioned could at present contribute decisively to the progress of a general war waged on the mainland of Asia. The further the expeditionary force penetrated into the interior of China the more desperate would be its position. South Korea would be in desperate straits also, and so would the remnants of Indo-China; we would have no troops to spare to buttress those areas. The temptation to try to save the situation by atomic bombing would be very great, and the Soviets would then be tempted to retaliate with atomic attacks on the United States and on its allies in the Pacific.

What Mainland Attack Would Mean

Nothing is predictable with certainty about the behavior of individuals or nations. The course of events might not follow this pattern. But no one can seriously deny the great likelihood that if Generalissimo Chiang Kai-shek were encouraged to attack the mainland it would be the opening step in a general war. The Generalissimo naturally would prefer that if a general war comes it should start in China, since then he might hope to get some help from us in the first phase. Almost at once, however, we would become engrossed in more vital theaters; another world war could no more be won in China than the last one could have been.

. . . "In Formosa area, Reds do not want a settlement"

Meditating on this unattractive perspective, President Eisenhower and Secretary Dulles reversed their decision to "unleash" the Nationalists for an attack on the mainland. That decision had been taken early in the Eisenhower Administration to evidence its determination to regain more freedom of action in foreign affairs, in particular to "take the initiative" against the Communists. When it was discovered that "unleashing Chiang" meant putting the determination of American policy at his disposal, the move was reversed. But apparently the lesson was not remembered when suddenly last autumn there began to be talk about a Communist attack on the Nationalist-held islands of Quemoy and Matsu, situated a few miles off the ports of Amoy and Foochow respectively. In the thought of discouraging an attack and of retaining freedom of action if it came, President Eisenhower decided to leave open whether or not the United States considered defense of those islands vital to the defense of Formosa, to which the United States is unequivocally pledged. The decision had wide congressional support, including that of the Democratic chairman of the Senate Foreign Relations Committee, Senator George.

This effort to retain freedom of action resulted in our losing it. The one thing more uncomfortable than being at the mercy of an enemy who may decide that he wants war is to be simultaneously at the mercy of a protégé and ally who may decide that he wants war. Such was the position in which the United States now found itself, and the President's subsequent action has been directed to extricating us from a situation in which our military fortunes may be involved in a conflict over small islands which to the naked eye appear to be a natural part of the mainland of China. So far he has not succeeded. The problem remains.

The islands do not in themselves seem to have any great strategic importance except in connection with a Nationalist attack on the mainland, which we now definitely discourage. They evidently are hard to defend except with a great expenditure of strength, and their defense will become almost impossible when the Communists complete jet-plane bases on the neighboring Fukien coast.

Air bases equipped to handle MIG 15s and 17s already exist in the Shanghai area in the north and near Canton in the south. Air reconnaissance reveals a series of new fields and bases being constructed along the coast southward from Shanghai and along the railway which runs south from Shanghai through Kiangsi, the inland province adjoining Fukien to the west. When completed, the coastal air bases and the inland bases which will support them in depth will enable the Communists to contest the present U. S.-Nationalist domination of the Formosa Strait. Inadequate communications are impeding the work, but it is progressing nonetheless and the new bases will probably begin coming into commission this summer.

The fact is, of course, that the interests of the United States in the Formosa area are different not only from those of the Communists but also from those of the Nationalists. We want peace, and we think that a cease-fire and perhaps the neutralization and international guarantee of the area might be steps toward its attainment. The Communists do not want a settlement. They never want one anywhere if they foresee the possibility of using an unsettled situation at some future time to advantage. This must be as true of Moscow's attitude toward the Formosa question as Peking's. The Kremlin strategists will surely have recognized the value of maintaining a focus of friction in the Far East which diverts American attention and forces from Europe and which moreover could instantly be brought to an acute stage in the event of a European crisis, for example over the reunification of Germany.

Since the men in the Kremlin probably are more keenly aware than their Chinese colleagues that the world is round, they may see more clearly the advantages of integrating a single global strategy, East and West. This may make them more ready than the Chinese Communists to reach a modus vivendi at one point if it promises to bring sufficient advantages, in propaganda or otherwise, at some other point. Moreover, they may very well be worried lest their Chinese allies may become involved prematurely in some large-scale operation in Asia, in other words before the situation in Europe is more favorable than at present and before the military strength of the Communist bloc has become clearly superior to that of the United States in certain critical respects.

-Wide World

CHIANG KAI-SHEK

Mr. Armstrong says: "The interests of the U. S. in the Formosa area are different"

These considerations may well account for the recent Soviet moves to reduce tensions in Europe. The men in the Kremlin would feel that substantial payments to hasten the development of European neutralism were well justified if they foresaw the possibility of a new crisis in the Far East. They may be feeling as uncomfortable over the realization that Peking is able to involve them in unwanted military complications as the White House is when it considers the extent to which American policy and decisions lie at present in the control of Generalissimo Chiang Kai-shek.

If the Soviet leaders felt that the Chinese Communist regime might become involved in an attack on the offshore islands despite their advice to the contrary, or if they foresaw a time coming when they might be willing to encourage it to

. . . "Peace would spell the doom of Chiang's hopes"

make such an attack, they would want the situation in Europe to be as propitious as possible.

Certain American leaders seem to believe that the Soviet effort to reduce European tensions originates in a sense of weakness, connected especially with deficiencies in Soviet agricultural production. A less optimistic estimate might be that if the Soviet leaders do indeed feel at a disadvantage at present, it is not because of any weakness in absolute terms but merely in comparison to the strength which they calculate they will have developed by 1957 or 1958. Then their supply of atomic weapons will be plentiful and the long-range bombers capable of delivering them will be standing ready on the runways.

China's Civil War Still On

A real and lasting settlement is as far from the desire of the Chinese Nationalists as it is from that of the Chinese Communists or (in long-range terms) from that of Soviet Russia. Peace would spell the doom of Generalissimo Chiang Kai-shek's hopes. He is still engaged in a civil war; and the acceptance of a cease-fire, particularly if it resulted in the drawing of a line between his territory and that of his enemies, would mean that he had, in effect, lost. His regime would be reduced permanently to island status.

An independent Formosa would not be a negligible factor in the world. If one lists the present members of the United Nations according to population, Nationalist China, with its 10 millions of inhabitants in Formosa, is in the upper half of the list, ahead of such well-established U. N. members as Australia, Belgium, Denmark, Chile and others of similar importance. Yet that status would be something very different from mastery over the vast stretches and enormous population of the ancient Chinese realm.

The Generalissimo will of course not hear of anything of the sort. But on Formosa one senses a frame of mind that tacitly favors accepting island status as the best that can now be gotten out of a situation which was not created yesterday or the day before but in the years when the Generalissimo, having built up a national unity unknown in China previously, was unable to prevent it from becoming so enfeebled by the strains of simultaneous civil and foreign wars that no amount of outside help in funds and arms could hold it together in the face of the Japanese attack.

Some 70,000 recruits have now been taken into the Nationalist Army. All but a few of these are Formosans. As time goes on, the proportion of Formosans will necessarily increase. They cannot be distinguished in *élan* from the older mainlanders, according to the testimony of the Minister of Defense, corroborated to some extent by American military opinion on the spot. They doubtless would fight well to defend Formosa against attack, and they might fight well to defend Quemoy and Matsu as outposts of their home island. But by definition they cannot be concerned to "return to the mainland," never having been there.

Not all the important mainlanders on Formosa are Government officials or generals, though this often would appear to be the case because of the rigid Government control of all media of public expression. Formosa is a police state, and the police are administered strictly by the Generalissimo's son, Lieut. Gen. Chiang Ching-kuo, who may have learned part of his techniques during his several years of study and residence in Soviet Russia. He is reputed to be a just but relentless enforcer of the law, written and unwritten; and the unwritten part of the law is that though there may be opposition to measures under consideration until they have received the Generalissimo's approval, any open criticism of them thereafter is treason. In view of this, there is very little open discussion of policy in Formosa.

Nevertheless, there are important business elements on the island, and they are increasing in influence, for it is a rich island and growing richer. Sugar is the chief export, but there is a large and valuable surplus of rice each year also (in many parts of Formosa there are three rice crops a year); there is a large and prosperous fishing industry; there are vast and varied reserves of timber on the slopes of the beautiful mountains; and there are now growing up an electrical industry, a cement industry, a shipbuilding industry, and other forms of activity which provide a livelihood for increasing numbers of a new merchant and industrialist class. Construction of American installations and American expenditures for troop maintenance are accelerating these developments; when they cease, Formosan resources may be inadequate to support the whole new modern plant, but for the present the island's economy is on the upgrade.

At least some of those now engaged in these activities would not spontaneously choose to begin a new phase of the civil war, in which their homes, factories and investments might again be wiped out, on the chance that eventually they might be able to start life a third time in their native land. As time passes, the weight of the inarticulate but nonetheless passively influential class of mainlanders who have become habituated to life on Formosa, and who are prospering in it, will become greater. Gradually it will tend to offset the *mystique* of the Government officials and old-time generals who, under the Generalissimo's influence and inspiration, continue to hope for a "return to the mainland."

The government of the island is in the hands of the mainlanders. Governor Yen is able and energetic, with an American background. His latest success when I was in Taiwan [Formosa] was in finding homes and work for the 17,000 Chinese evacuated from the Tachens. But the native Formosans are beginning to assert themselves. In the last elections they elected one of their number mayor of Taipei against the mainlander candidate, to the open chagrin of the Nationalist officials.

One often hears it said that if the United States condones any further retreat by so much as a single inch before the advancing Communist tide anywhere in the world, it will lose completely the confidence of all free and neutral Asia. But one does not hear it said as often in East and South Asia as at home. Quemoy and Matsu are, of course, the acute case in point. In places as unlike as Japan and Hong Kong and Thailand, people with whom I talked showed less concern about those islands as abstract symbols of American strength or weakness than about whether they are in fact strategically important, whether the strategy in which they might be important is a defensive or an offensive one, and what might be the concrete results of defending or not defending them.

Where U. S. "Prestige" Is Involved

Nobody denies that under current circumstances—that is, given the present anomalous attitude of the United States toward defense of the islands—a Communist attack on them will directly involve the prestige of the United States. If the Communists attack, if Chiang follows his announced intention of defending the islands at any cost, and if the cost of trying and failing should be the 60,000 or more men who form their garrison, the United States will be considered to have shared in the defeat regardless of whether or not it has increased its assistance at the last moment.

. . . "As things stand there may be a war anyway"

The American decision to defend the "island chain"—Japan, Okinawa, Formosa and the Philippines—is understood in the Far East. What is not understood in many circles not given at all to neutralism is how we came to put ourselves in a position in which we are so susceptible to Nationalist pressure via the offshore islands, and we are being watched anxiously to see how we will extricate ourselves and whether we can do it in time.

How Japanese Look at U. S.

Japan today is at a political crossroads and many of the factors which will determine its political orientation are psychological. One of these is closely connected with the Japanese estimate of the character of the American people and the sobriety of the American Government. Are the American people mature and experienced enough to support a reasonable foreign policy and is the American Government organized in a way to provide it? American strength is not doubted. American good intentions are not doubted. What is in doubt, frankly, is American perspicacity. Having suffered so grievously from a Government without perspicacity the Japanese people are in a cautious frame of mind. This predisposes them to neutrality.

In Tokyo at present there is considerable debate in American circles as to the bearing of the Formosa question on Japan's future orientation. Will an uncompromising American stand in support of the Generalissimo's position in Quemoy and Matsu or an effort to disentangle him from those outposts plus renewed assurances of complete support for him in Formosa itself do the most to head off the rapidly growing currents of Japanese neutralism?

The answer will probably be less in doubt once the build-up of Communist jet air bases along the Formosa Strait has broken the present U. S.-Nationalist air and sea control of that area. When that happens, either a line will be drawn between the two rivals or there will be a war. Many Japanese friends of the United States think that American policy could well start taking account of this unpleasant prospect now. One thing seems plain: The American military would not consider it a good bargain if we succeeded in holding Quemoy and Matsu and in the end lost Japan.

As things stand there may be war anyway. The extent to which we are caught on the horns of a dilemma becomes plain when we try to foresee exactly what the American position would be in case the Communists attacked Quemoy or Matsu tomorrow.

We have said that we will decide whether or not to intervene actively when we determine whether such an attack is directed against the islands exclusively or whether it seems to look to or involve operations against Formosa. What is to be our criterion? Where is the line up to which Communist operations will be considered a "local" affair for the Generalissimo to handle and beyond which they will be taken as involving our interests?

Presumably the line is east of Quemoy and Matsu. How far east? As far east as the middle of the Formosa Strait? Or up to within a certain number of miles off the coast of Formosa? When planes travel at 600 miles an hour, small distances are apt to be misjudged, as our own aviators have found. What is to be our position if the line we fix in our minds is overpassed?

Regardless of whether we establish a line, and whether or not it is observed by the Communists, we shall be providing air cover for the Nationalist forces and their supply lines and our ships will be patrolling the surface waters between the islands and the Nationalist bases in Formosa. Will Communist attacks on these supporting American air and sea forces be considered by Americans to be directed solely against the Nationalist Government? If American boys are killed, what will be the reaction of the American people? Will they become aroused and forget the distinctions on which our Government at present relies?

In a frozen situation of this sort one naturally looks about for some new factor to bring in. Would Britain and perhaps Australia and New Zealand join in guaranteeing the future independence of Formosa if the Nationalists discarded their exposed positions in the offshore islands? The British could protect themselves from criticism that they were violating their recognition of the Peking regime by limiting themselves to underwriting the present situation pending negotiations for a settlement. Should not the United Nations undertake negotiations to gain a respite until this or some other form of joint action to keep the peace could be arranged?

Any such idea would not appeal in the least to the Generalissimo. He would be giving up his cherished hope of returning to the mainland and also accepting a situation less satisfactory than the one he now enjoys. For he would consider that to bring in other nations would be to dilute the present categorical responsibility of the United States.

The Generalissimo said to me, as he does to all his visitors, that to withdraw from the offshore islands would irreparably damage the morale of his troops. He said categorically that to do so would be to compromise with evil, and this he will never do. And a close friend commented that if Americans stood aside from the Nationalist fight against Communism at any point, they would end up fighting Communism alone on the plains of Dakota and Montana.

U. S. and a Third World War

The only reply to such a position, with due admiration for the courage and spirit of self-sacrifice displayed, is that the American people must decide for themselves when and where they are to fight the third World War, if fight they must. They wish to fight it on issues which will unite rather than divide them and which will rally their friends to their side. They are committed to fight to prevent the Communists from taking Formosa, destroying the Nationalist Army and Government and extinguishing the last stronghold of Chinese non-Communist independence. That would be a cause in which the American people would be united and in which they could count on having the support of their allies.

Would the Communists fall in with the program indicated here? Perhaps tacitly, if not formally. Of course they would be guided by their reading of the tactical opportunities. They might see a chance to draw a propaganda advantage with the neutralist nations, particularly in Asia, by substantiating their talk about peace; they might therefore refrain from making war across a dividing line in the Formosa Strait. If they respected the line for the present, that would have nothing to do, of course, with whether they continued to respect it later. But whether they did or not, we would be no worse off than we are at present, and in some respects our position would be much better.

If eventually the Communists renewed their struggle with the Nationalist Government by attacking Formosa, our armed support against them would be given in fulfillment of a clear obligation, consciously undertaken. And we would be standing as champions of the victim of aggression and would be justified in expecting the support of the United Nations.

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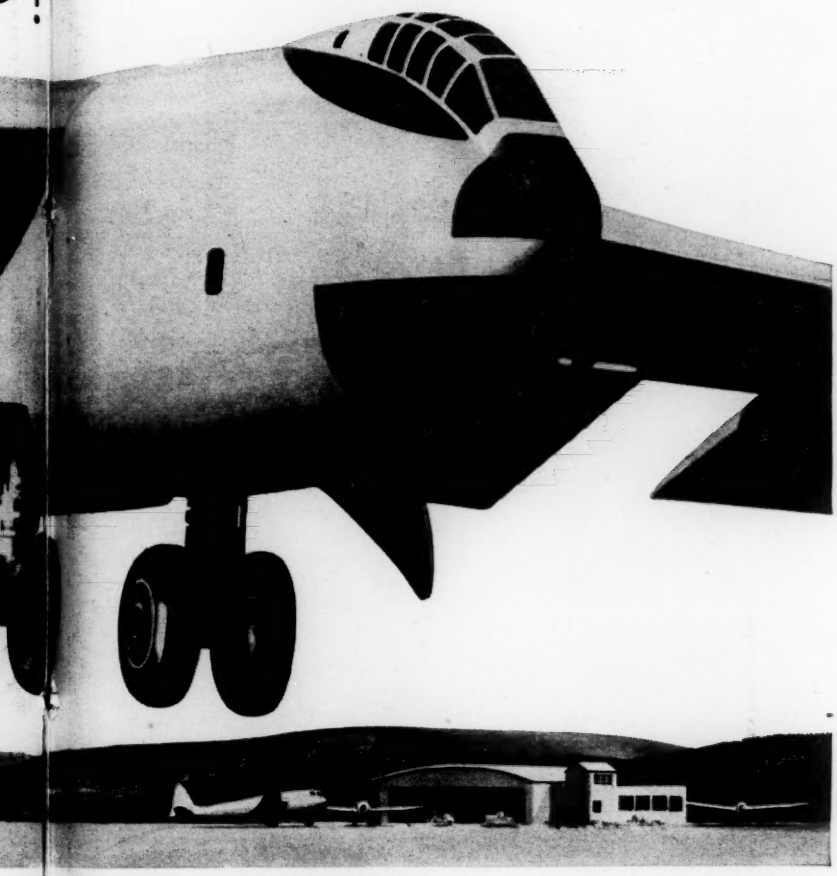

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MOST COMPLETE LINE IN AMERICA

REDS' EMPIRE GOING HUNGRY

Drought in Asia, Farmer Resistance in Europe

Where Communists are running things, hunger is growing apace.

There is famine in Red China. Floods and drought caused it. But millions of starving Chinese want the food Communists sent out of the country for reasons of their own. And there is more hunger ahead for China.

In East Europe, workers are grumbling over the lack of food. Even in Soviet Russia itself, Communists are blaming everything but their system for the hunger pinching the Russians.

Farmers get the blame—the weather, too. Communists, out to rule the world, are having to figure how to feed those they now rule.

Reported from
BERLIN, ISTANBUL and HONG KONG

People are actually hungry in the Soviet empire at a time when the rest of the world is eating better than ever before.

There are signs that this lack of food for their people to eat is behind the apparent willingness of Communists to talk peace, to seek a breather.

Millions are starving in Red China. In the Soviet Union itself, the masses of Central Russia are not getting enough potatoes and vegetables. In Communist East Europe, cattle are dying from malnutrition, cities lack food and the grumbling of hungry workers is becoming heard even through Communist-controlled unions.

All this is not merely a freak of the weather, a result of natural disasters. China, as always in its history, is suffering from floods and droughts, but China is suffering, too, from Communists who send food out of the country when people are hungry. In the Soviet Union, in Eastern Europe, the hunger stems directly from Communist mismanagement, from peasant resistance.

Priority: fighting famine. Throughout the Communist areas, Moscow's men suddenly are forced to turn from their grandiose scheme of ruling the world to see what they can do about the job of providing at least a subsistence diet for people they already rule.

Soviet agents are buying half a million tons of sugar for Communist Russia, which used to sell sugar abroad. Poland, Hungary and Eastern Germany, once exporters of food, now must import grain to keep going. North China, under the Communists, needs grain; South China is hungry for rice.

All along the borders of the Communist world, people who are well fed in non-Communist countries report that their neighbors are hungry.

Pinched and shabby-looking East Berliners cross into West Berlin by the thousands each day to buy as much food as they can afford. More than 32,000 farm workers have escaped into West Germany from the Communist-ruled East zone, all reporting the hunger they left behind.

The British in Hong Kong have had to place strict controls on the numbers of peasants fleeing from neighboring Kwangtung Province of Communist China into the colony. Normally they can come and go in comparative freedom. But there is famine in Communist China now and the British cannot cope with the flood of refugees.

—Dorman H. Smith, NEA Service, Inc.

"INFLUENTIAL RUSSIAN POLITICIAN"
The satellites know him, too

Part of the food crisis in the Communist empire is due to excessive industrialization and neglect of farming, to poor management by Communists. New factories need more workers; peasants flock to city jobs; farm output drops.

Much of the Communist food crisis is due to a silent, stubborn resistance by farmers to the state ownership, management and control of the lands they work and the crops they harvest.

Creeping revolution. Nobody knows, for sure, just how much of the trouble rises from this creeping farm revolution. But the Communists themselves publicly lay the blame for many food shortages on peasants who fail to produce as expected, as the Communist planners say they should. From Red China to tiny Albania there is a growing tendency on the part of the Communist press to scold farmers and farm workers.

Whatever the causes, the results are becoming clear to all. You get a picture of the Communist troubles with food in the hunger map of the Communist empire appearing on pages 62 and 63.

In Red China, great areas of the country are described by the Communists as "calamity" areas. Disastrous floods last year swept over one tenth of China's arable land, including the populous "rice bowl" areas. Now much of this land has been baked hard by drought, so hard that man-drawn plows cannot break it.

But exports continue. Even before these natural disasters, the Communists admitted that 10 per cent of China's population of 600 million was short of food and that another 10 per cent was famine stricken. But, last year, Communists exported a million tons of food from China.

Nobody, at least outside the Communist world, knows for sure how many of China's people are starving or near star-

HUNGER MAP OF THE

EAST GERMANY: People are hungry; butter and fats vanish from stores; cattle die from malnutrition; worker unrest is rising.

POLAND: Meat scarce; undernourished cattle dying. Communists mobilize labor reserves for farm work, but warn against panic.

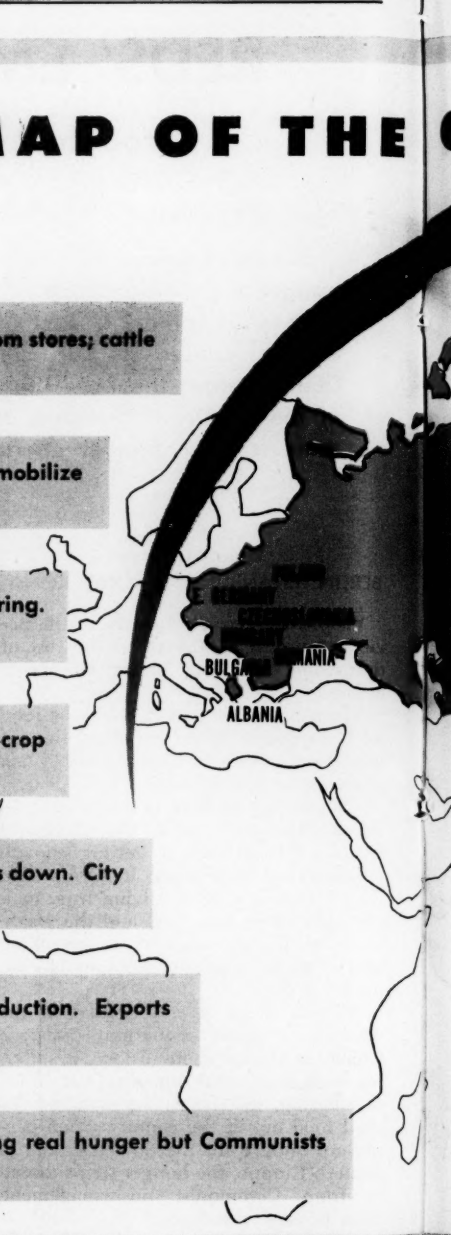
CZECHOSLOVAKIA: Critical food shortages in cities send prices soaring. Cucumbers cost $2 each in Prague. Food imports needed.

HUNGARY: No pork, beef, butter or lard available in cities. Grain crop poorest in country's history. Food exports end.

RUMANIA: Produces less food for export than ever before. Yields down. City food prices soar. Poor go hungry.

BULGARIA: Peasants fighting collective farms cut food production. Exports drop. Even country towns lack food.

ALBANIA: Winter, spring food shortages bring real hunger but Communists reject U.S. offer of free food.



vation now. The provinces where Communists admit there is famine have populations totaling 127 million.

Where the weather is good in Communist China, the crops fall far below targets. Communists admit peasant resistance to Communist co-operatives and collectives. The more the farming masses of China are organized, it seems, the less they produce.

In Soviet Russia, too, food has suddenly become the No. 1 problem. Millions in the model land of Communism are not getting enough to eat. There is a lack of potatoes and vegetables in Central Russia, where these foods are the base of the diet. Meat is lacking all over the Soviet Union.

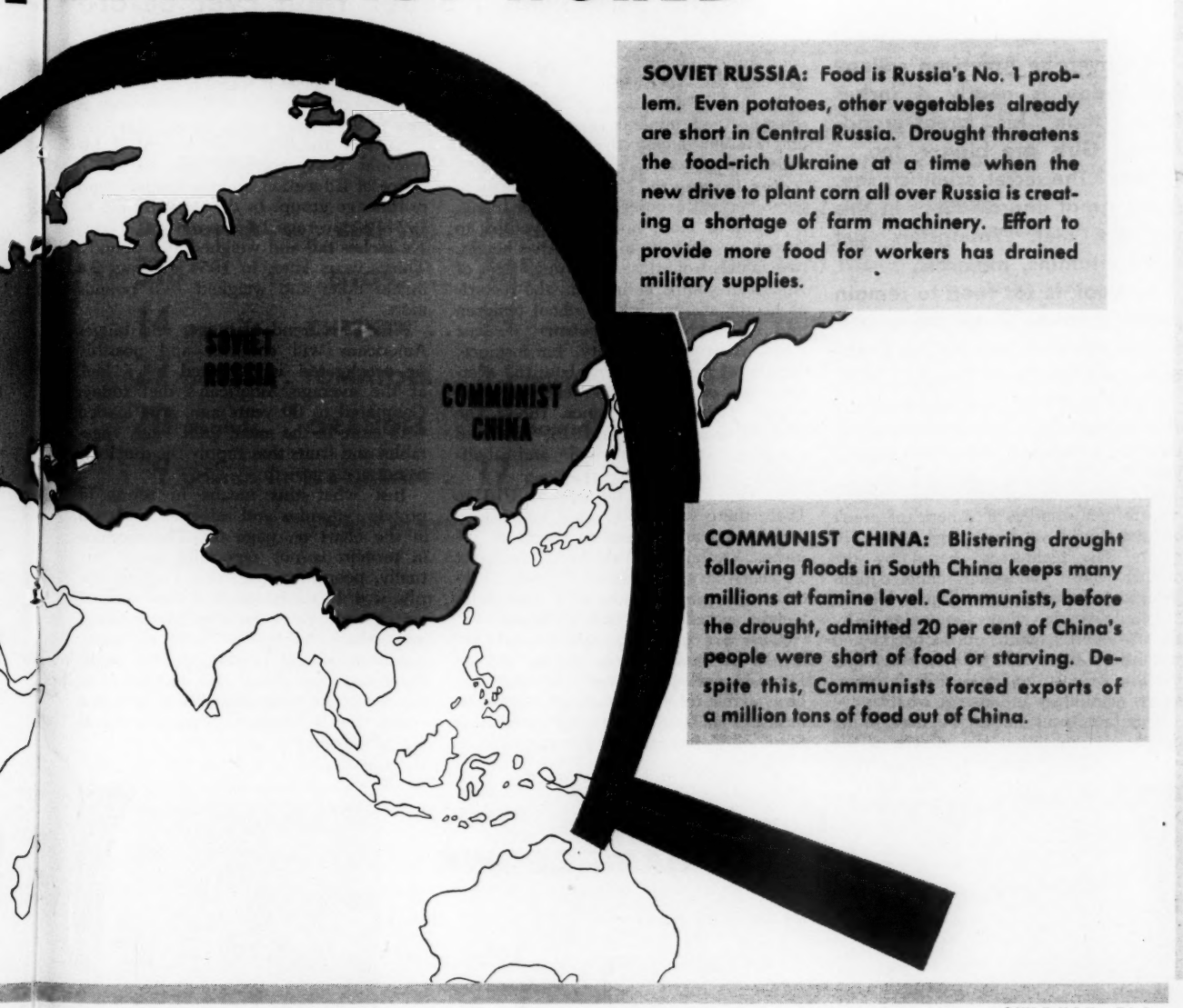
Communist leaders admit the food shortage. They blame peasants who will not co-operate. They also blame each other, charging inefficiency. They sought popularity for their new regime by taking food supplies for Soviet citizens from Army stores. But the Army protested and that stopped.

Now the Soviet leaders have elaborate plans to shift from their failing wheat-beef-economy to a corn-hog economy like that of the U. S. corn belt. But few Russian areas have the heavy rainfall and long growing season of Iowa, Illinois and Indiana. And the Communist system does not encourage the extra care which free farmers give their animals.

Dry breadbaskets. Drought threatens the Ukraine, Russia's breadbasket, this summer. More food troubles for the Soviet Union are clearly ahead.

In satellite Europe, what food can be squeezed out of hungry people now goes to the benefit of the Soviet Union.

E COMMUNIST WORLD



SOVIET RUSSIA: Food is Russia's No. 1 problem. Even potatoes, other vegetables already are short in Central Russia. Drought threatens the food-rich Ukraine at a time when the new drive to plant corn all over Russia is creating a shortage of farm machinery. Effort to provide more food for workers has drained military supplies.

COMMUNIST CHINA: Blistering drought following floods in South China keeps many millions at famine level. Communists, before the drought, admitted 20 per cent of China's people were short of food or starving. Despite this, Communists forced exports of a million tons of food out of China.

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Only Rumania, of five Eastern European countries once rich in food, still exports food. But the Rumanians, who find food in short supply and high-priced in their own cities, cannot cover the deficit of the rest of Communist Europe.

Communist Czechoslovakia, Hungary and East Germany, which once grew enough food for themselves and more, imported grain from the U. S. last year. Pork for Czechoslovakia now travels 12,000 miles from famine-stricken China.

Lack of fodder in East Germany is leading to the slaughter of tens of thousands of cattle suffering from malnutrition. Fodder shortages all over Communist East Europe mean less meat, less milk for hungry people.

Where food can be bought in Eastern Europe the prices often are out of the workers' reach. Coffee is a great luxury in Prague at $25 a pound; one cucumber costs $2.

Hunger speaks up. Protests are rising from hungry workers even through the strict discipline and censorship of Communist-controlled unions. In East Germany, Communist newspapers now admit that "panic purchasing of food is going on everywhere."

The task of producing enough food to keep people going is turning out to be too much for the Communists. There are signs now, Western officials say, that the urgent need to produce food is leading the Communists to seek a letup in the "cold war," to open up avenues of trade with the Western world, in which there is an abundance of food.

What plenty of good food is doing for Americans—page 64.

WHY YOUTHS ARE GETTING BIGGER

People Are Eating Better Than Ever Before

An average American college boy today is nearly 4 inches taller than his great-grandfather. Girls are bigger, too.

Why? The secret, scientists say, is the great improvement in this nation's diet. Youngsters get more vitamins, minerals.

Outlook is for food to remain plentiful, diets to get even better. So the next generation probably will be even bigger.

American youths, already towering above those of most other nations, appear to be growing bigger and bigger, year by year.

The father whose college son already dwarfs him wonders if Americans aren't on their way to becoming a race of giants. His feeling is shared by the mother whose junior-high-school daughter is as tall as she—and still growing.

People wonder what's happening. Why the obvious big gain both in height and weight of the youth of today as compared to those of past generations? Is it due to sports or military training or what?

The fact turns out to be that young people are reflecting the effects of the constantly improving American diet. Through the years, children have been getting more and more of the proteins, vitamins and minerals that build bone and muscle, laying the foundation for maximum growth.

Key to growth. This better nutrition, combined with sports and outdoor living, is enabling more and more youths to "shoot up" and attain impressive height.

Evidence of this increasing size of American youths is found in the records of height and weight of school children and college men and women in past years. At Yale University, for instance, records of freshmen show how the average size of young men entering that school has increased since 1883. The first 30 years, 1883 to 1913, produced a 4-pound increase in weight and a half-inch in height.

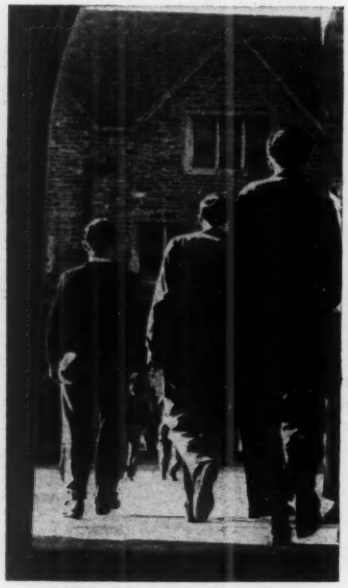
In the following 30 years, 1913 to 1943, there was a 10-pound increase in weight and an increase in height of 1.7 inches. Freshmen at Yale during the latest 11 years have maintained this rate of increase, showing a gain of 5 pounds in weight and .6 of an inch in height.

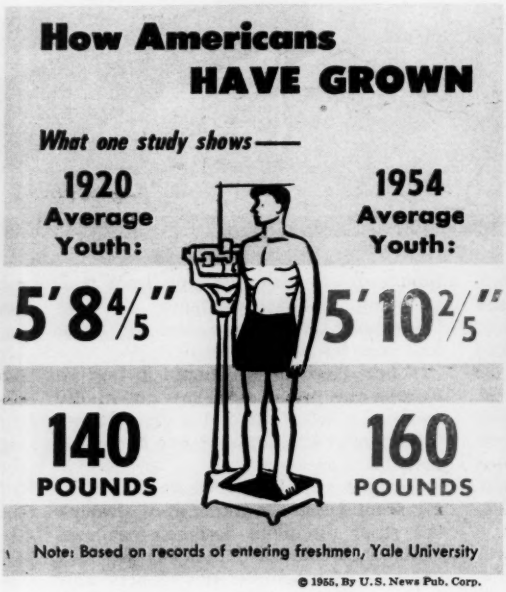
Girls are growing, too. Records going as far back as those at Yale are not found for college women, but a summary of available information shows significant increases in height over recent years. At Stanford University, the average increase over a period of 30 years was 1.2 inches; at Vassar College it was 1.5 inches in 37 years, and at Smith College it was .5 inch in 22 years.

Data on the height and weight of 14-year-old boys, compiled by the U. S. Office of Education, show a similar trend in this age group. In the period 1922 to 1924, the average 14-year-old was 5 feet, 1.2 inches tall and weighed 100 pounds. Thirty years later, in 1954, he was 2.4 inches taller and weighed 18.5 pounds more.

That this trend to bigger and bigger Americans will continue—and possibly be accelerated—is indicated by a look at the average American's diet today. Compared to 30 years ago, it is loaded with more of the meat, milk, eggs, vegetables and fruits that supply the nutrients essential to growth.

Just what this means in terms of protein, vitamins and minerals is shown in the chart on page 65. The increase in protein is not especially large. Actually, people were getting a good supply of it 30 years ago. But they weren't getting enough of the minerals and vitamins that enable the body to make maximum use of protein. So the really significant figures are the whopping increases in the minerals—calcium and iron—and the B vitamins—thiamine, niacin and riboflavin.





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THE *CHANGE* IN FOOD HABITS

Americans Eat Better — They Get More Vitamins

IN AVERAGE DIET OF 1924		IN AVERAGE DIET NOW*
59 pounds	BEEF	72 pounds
318	EGGS	405
14 pounds	CHICKEN	23 pounds
27 pounds	TOMATOES	53 pounds
20 pounds	ORANGES	58 pounds
9 pounds	ICE CREAM	17 pounds

*Based on per capita consumption in 1954

Compared with diet of 30 years ago, Average diet now contains:

- 15 per cent more ***calcium*** (for bones and teeth)
- 5 per cent more ***protein*** (for growth and energy)
- 15 per cent more ***iron*** (for blood)
- 5 per cent more ***vitamins A and C*** (for vision and growth)
- 20 per cent more ***thiamine and niacin*** (for general health)
- 25 per cent more ***riboflavin*** (for general health)

Source: Agriculture Department

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The fact is that, in the space of a single generation, there has been a revolution in the feeding of the American family. Today the U. S. housewife is able to give her family a tastier, more nourishing diet than her mother would have dreamed possible.

She can do it in a fraction of the time that her mother spent in the kitchen. And the cost, in terms of "real" earnings, is no more than the grocery bill of 30 years ago.

Behind this revolution in food and nutrition there are a number of factors Chief among them are:

A co-ordinated national effort to apply the knowledge of nutrition to the American diet.

The mass feeding of young men and women in the armed services during World War II.

A rising national income that enables Americans to buy the nourishing foods from today's well-stocked groceries.

Start of better eating. It was after the depression of the '30s that the food revolution really began to roll. During the depression years, many people were too concerned with the problem of getting enough food of any kind for their families to worry over whether it contained essential nutrients or not. But, as the nation began to emerge from this period of low income, public-health officials undertook surveys to determine just how well nourished the U. S. people were.

A surprising number of people, they found, just weren't getting the desired amounts of some of the minerals and vitamins that are needed for a well-balanced diet. So nutrition experts were asked to work out recommendations that would serve as a guide to proper diet for American families.

These diet recommendations became available about the time that the U. S. entered World War II. Dietitians who worked out the menus for feeding American service men and women in mess halls all over the world put the recommendations into effect.

Since the recommendations called for generous quantities of meat, milk, eggs and other nourishing foods, the young men and women of the nation came out of the service with a built-in appetite for these high-quality foods.

After the war the food technologists stepped into the picture and began to transform the American grocery with the magic of frozen food, table-ready meats, canned citrus juices, prepared cake mixes, strained baby foods and precooked specialties of all sorts.

Eager consumers. The complicated processing and packaging of today's foods increase costs but this change has come in response to the demands of consumers who, thanks to a rising national income, have been eager to buy the amazing variety of food now on the shelves and in the refrigerated bins of today's supermarket.

Despite the higher price tags on the packages of food the American housewife carries home, food is one of her best buys. As shown in the chart on

The 14-Year-Old Boy Is Heftier Today

In 1877: height, 4′ 9½″; weight, 87 lb.

In 1924: height, 5′ 1″; weight, 99½ lb.

In 1939: height, 5′ 3″; weight, 107 lb.

In 1954: height, 5′ 3½″; weight, 118 lb.

So, today, the average 14-year-old boy is 6 inches taller and 31 pounds heavier than he was 77 years ago.

Source: U. S. Office of Education

[continued]

WHY YOUTHS ARE GETTING BIGGER

page 66, a day's take-home pay will buy considerably more groceries than it would 30 years ago. And the woman who works outside the home—as does one in every four—would find her dual role as wage earner and homemaker virtually impossible without the convenience of today's food processing and packaging.

Homemakers now have more knowledge of nutrition than their mothers, say nutritionists of the Department of Agriculture. As they move around the supermarket, they pick out the foods essential to health.

At the bread counter, they reach for enriched bread, because they know it contains the important B vitamins—thiamine, niacin and riboflavin. The strained baby foods they buy are loaded with nutrients.

At the fresh-fruit and vegetable counter they can choose from a year-round supply of the green, leafy vegetables that are the No. 1 source of vitamins A and C. And next to that is the frozen orange-juice concentrate, another rich source of vitamin C.

Enough food in 1975? Many people are asking whether Americans can expect to keep on eating as well. They

—Du Pont

VITAMINS BY THE BIN

point out that the nation's population is expected to be 200 million or more by 1975. Will U. S. farmers, they ask, be able to produce enough meat, milk and eggs to enable 200 million people to eat the high-quality diet that Americans enjoy today?

Secretary of Agriculture Ezra T. Benson thinks they will. "Agriculture," he says, "has advanced farther in the past century than in thousands of years before. And I believe the forward march of the next 10 years will carry us farther than we have come in the past 20."

Mr. Benson points out that the average beef steer now gains 2 pounds a day. Farmers, he is convinced, can bring the average up to 3 pounds a day because the better ones have already done it. The average hog now needs 4 pounds of feed to gain a pound of weight, but experiments have shown that proper feeding can cut that down to 3 pounds of feed for each pound of gain. In 1940, the average milk cow produced only 4,600 pounds of milk, but in 1954 her production had increased to 5,500 pounds.

Economists predict, too, that a rising U. S. income will enable people to continue buying high-quality foods. President Eisenhower's 1955 economic message to Congress foresaw an expansion in the gross national product to 500 billion dollars within the next decade.

Thus, the odds seem to indicate that Americans will continue to eat well for some time to come and that sons and daughters, on the average, will keep on outgrowing their fathers and mothers.

MORE FOOD FOR LESS WORK

For the wage earner—

30 YEARS AGO — One day's earnings of an average man would buy this supply:		NOW — One day's earnings of an average man will buy this supply:
5½ loaves	BREAD	10 loaves
1½ pounds	STEAK	2 pounds
1½ pounds	CHICKEN	3 pounds
3½ quarts	MILK	7 quarts
1 dozen	ORANGES	3 dozen
3½ cans	TOMATOES (canned)	9½ cans
15½ pounds	POTATOES	34⅕ pounds
3 pounds	PRUNES	6 pounds

For the housewife—

30 Years Ago

A typical housewife prepared a day's food for a family of four in: **5½ hours**

NOW

Using ready-to-serve foods, a housewife can prepare a day's food for a family of four in: **1½ hours**

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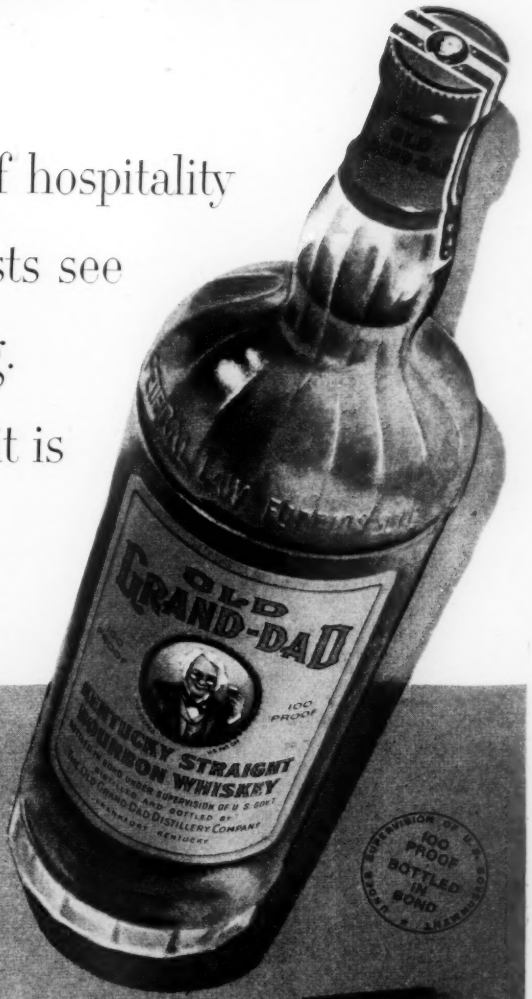
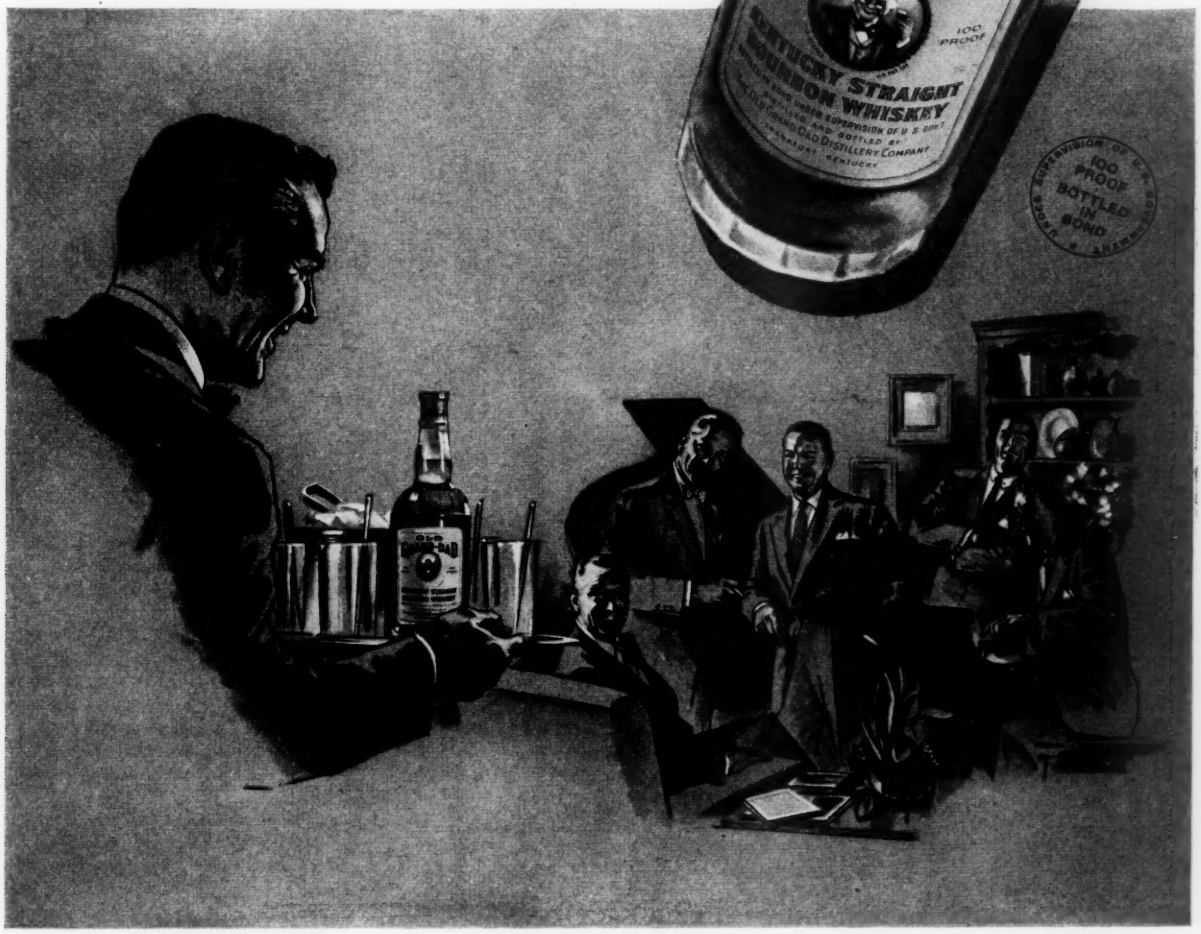
You need never hesitate when it is

Old Grand-Dad

"HEAD OF THE BOURBON FAMILY"





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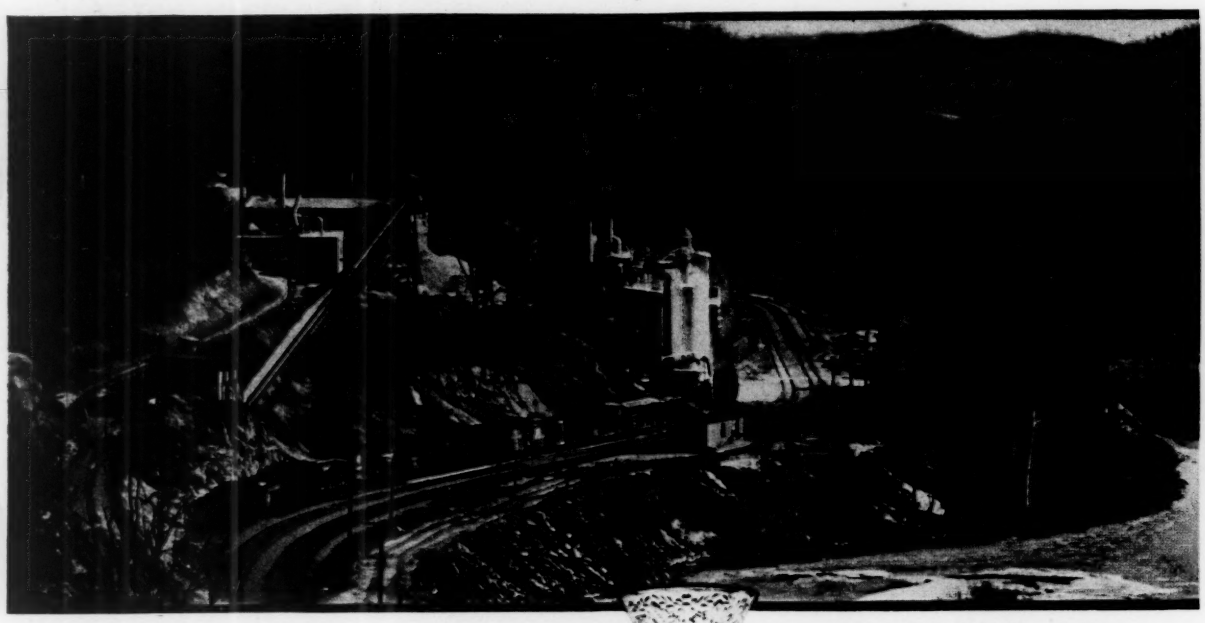

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Billy Graham Does It Again

Success in Britain; Now to France, Maybe Russia

They've never seen anything quite like Billy Graham in Britain. His second crusade is bigger than his first.

Critics who discounted the evangelist as a novelty are having to revise their estimates. His appeal touches everybody, from the man in the street to church dignitaries and royalty.

In Europe they're asking: Where does he go from here?

—Wide World

SCOTTISH CONVERTS SURROUND BILLY GRAHAM
In Britain: 76,059 "decisions for Christ"

LONDON

Billy Graham, a soft-spoken preacher from North Carolina, has done it once again in Great Britain.

This young Southern Baptist, who took London by storm a year ago, is moving on to an even bigger triumph of evangelism this year.

Millions of Britons, in the last two months, have heard his simple religious message—in meetng halls, and on radio and television. British newspapers have devoted columns to his activities. Queen Elizabeth II broke precedent by inviting this evangelist from America's Southland to preach to the Royal Family.

At the age of 37, Billy Graham has become a definite force in the world:

- In America, he has been a visitor at the White House and is a friend of top politicians in Congress. His popular following, built up over the last seven or eight years, has reached the point where he is talked about as a candidate for political office.
- In Britain, ordinarily indifferent to American evangelism, his crusade has the backing of the most respectable elements in British society—businessmen, nobility and the Church of England, itself. And there were rumors that some Conservatives would have liked to see him campaigning on their behalf in the recent national elections.
- On the Continent, public interest is mounting for his appearances this summer in France and other countries. It is being said that Billy Graham is reaching people in those countries with a religious message as Europe's learned theologians have not done in centuries.
- Even the Soviet Union has expressed interest in the idea of a visit by Billy Graham. In London, Soviet Ambassador Jacob Malik, after watching the American preacher on television, said that he would do his best to get Billy Graham a visa if the American wanted to visit Russia.

Politics next? Everywhere, questions are being asked about this new crusader—a man who was born on a North Carolina farm and who has been preaching only a few years. People wonder if he's going into politics or diplomacy, or just how long his popular appeal will last.

Billy Graham, himself, says he intends to stick to religion and to his message—that individuals everywhere must repent of their evil and seek salvation through God to avoid judgment on the world.

That message, in recent years, has reawakened the interest of millions of people in religion. Both Americans and Europeans are attracted to the tall, blue-eyed evangelist who talks quietly and simply. He is described by a top British clergyman as "this messenger with a new voice, which speaks in a soft, North Carolinian accent."

It was only last year, on Billy Graham's first "Crusade in Europe," that people outside of America really became aware of him.

In Britain, there was conservative suspicion of Billy Graham as "just another American evangelist"—noisy and emotional, in the British view. Britons, in the past, have not warmed noticeably to such American preachers as Aimee Semple McPherson or Billy Sunday.

Yet, by the end of his 12-week "Greater London Crusade" in 1954, Billy Graham had drawn an attendance of 2 million people. The Church of England's leading dignitary, the Archbishop of Canterbury, came to hear the American—and went away praising him strongly.

Sellout meetings. This year, in seven weeks of actual campaigning—six in Scotland and one in London—1.4 million Britons came to hear Billy Graham. Tickets to most of his meetings were sold out far in advance. Overflow meetings were set up in nearby halls so more people could watch him over a closed television circuit.

Billy Graham's message went to an

(Continued on page 70)

[continued]

BILLY GRAHAM DOES IT AGAIN

additional 1.7 million people over a special circuit that carried his words, on leased telephone wires, from the meeting halls.

In hundreds of villages, people organized special meetings to hear these broadcasts. On one small island, with a single telephone line, the broadcast had to be interrupted at times to let through a doctor's summons or other emergency calls.

The British Broadcasting Corporation set up a Billy Graham breakfast-hour talk every morning for a week. And BBC invited him to make a nation-wide Good Friday talk on television. That appearance drew one of the largest TV audiences in British history, second only to that of the Coronation.

A stadium packed. At a time when British politicians found it hard to stir popular interest in the national elections, Billy Graham drew nightly crowds running into the tens of thousands. In London, his one-week crusade closed with a final audience of 90,000 in Wembley Stadium.

Altogether, his British audience this year came to 3.1 million people. Of those, 76,059 made "decisions for Christ." That is twice the total number of conversions claimed for his 1954 "Greater London Crusade."

The question, "What do you think of Billy Graham?" is widely discussed in Britain these days. Those who have not seen or heard the American evangelist are considered out of touch with one of the country's top news stories.

There are some clergymen who complain that Billy Graham talks too much about individual salvation, and not enough about social reform. A few fundamentalists object to him because he insists on a nondenominational message. Among intellectuals, there are complaints that the American evangelist oversimplifies religion just to reach the masses.

There is also criticism of his staff's publicity methods—billboards, news handouts and press conferences. Critics point out that he uses the same methods in "selling" religion that other Americans use to sell soap, prize fights and television sets.

Checkup planned. These skeptics insist that Billy Graham gets his crowds and converts on the strength of a built-up "fad" that will die away as people develop sales resistance to his appeal. Some newspapers plan a checkup next year on his converts, just to see how many of them are still going to church.

Even his critics, however, admit that few men have seized the popular imagination in Britain as Billy Graham has. And they admit that his simple message has much to do with reawakened interest in religion, not only in America and Britain but in other parts of the West.

What next for Billy Graham? He's heading for a month of meetings in a half dozen countries of Western Europe. If he passes through the Iron Curtain into Russia he plans to "bring to the people of the Soviet Union the same message as I bring to everyone else—'Repent before it's too late.'"

—Wide World

BILLY GRAHAM WITH HIS WIFE AND ELDEST DAUGHTER
The young evangelist is a force to be reckoned with

At home everywhere

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Injured in a collision . . . these policyholders got fast action from a nearby Claim Office of the Hartford Accident and Indemnity Company's nation-wide service network.

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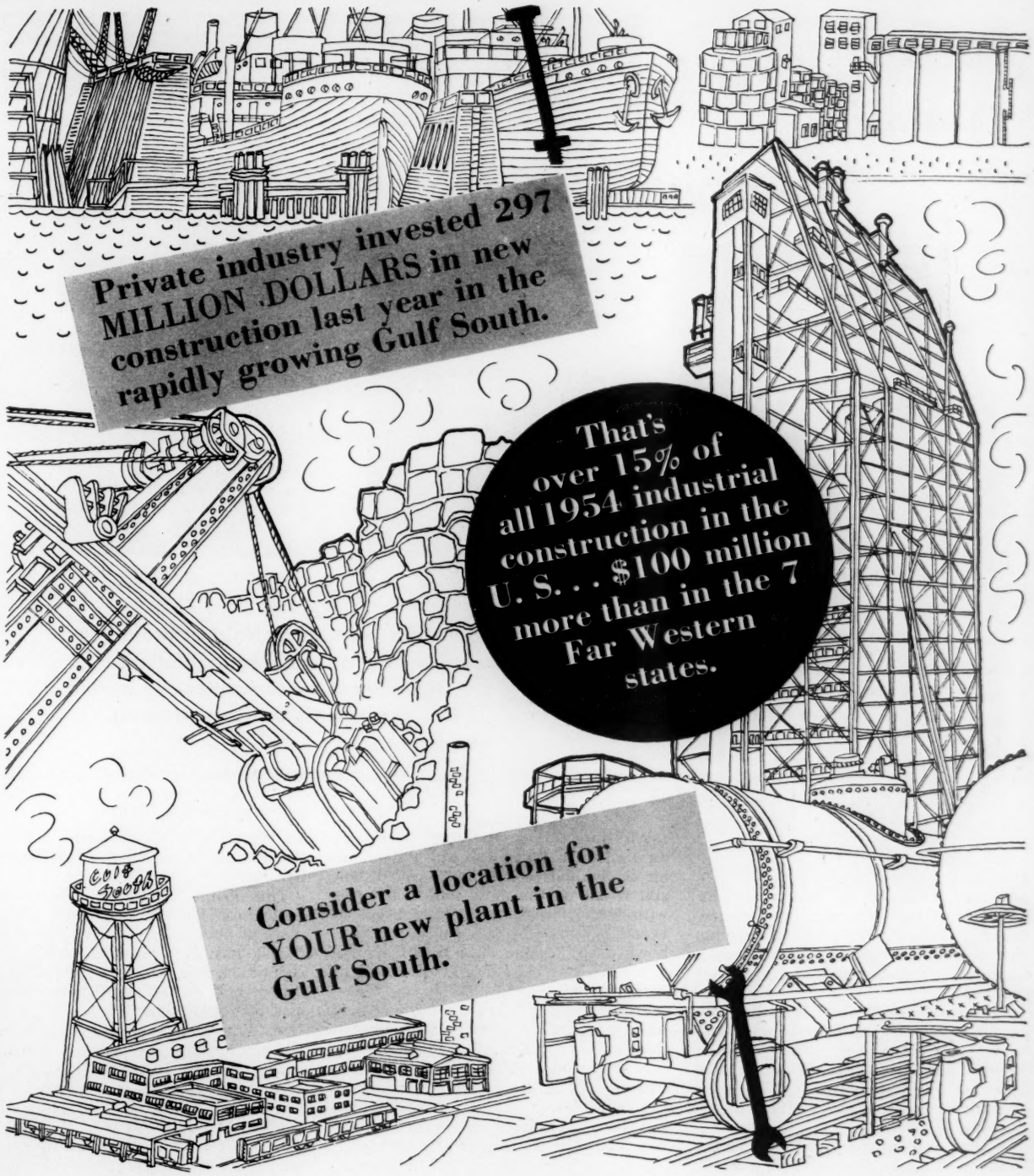
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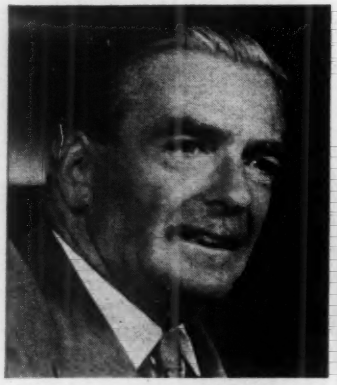
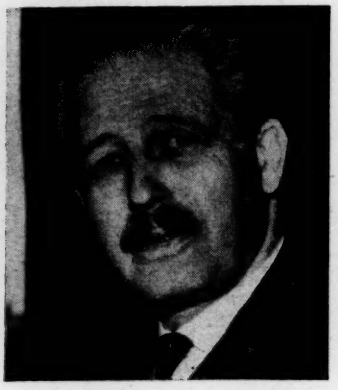


SIR ANTHONY EDEN

R. A. BUTLER



HAROLD MACMILLAN

Sir Anthony Eden, finally reaching "the summit," brings with him able assistants to share the burden of government.

R. A. Butler is his prop and tutor in domestic economic affairs. Harold Macmillan administers foreign relations.

Government by committee, by a modern triumvirate, is Britain's prospect.

LONDON

SIR ANTHONY EDEN finally is in power in Great Britain of his own right, confirmed as Prime Minister by the new British election. After years of waiting, obscured by the shadow of Sir Winston Churchill, Sir Anthony is on his own at last.

The new Prime Minister is settling into his job buoyantly, confidently, but with no intention of ruling in Sir Winston's one-man fashion. Instead, Britain is to be governed by a triumvirate of which Sir Anthony is the leading member. At his side are:

- R. A. Butler, the Chancellor of the Exchequer, an intellectual with a chilly personality and a thorough understanding of the British economy. Sir Anthony looks to Mr. Butler for guidance on virtually all domestic issues.
- Foreign Secretary Harold Macmillan, a tough aristocrat who tempers a peremptory manner with much old-fashioned charm and courtliness. Through Mr. Macmillan, the Prime Minister will continue to supervise England's foreign relations, which for years have been his principal preoccupation.

All three are friendly to the U. S., especially Mr. Butler and Mr. Macmillan. Sir Anthony is somewhat more distant and is not on the most congenial terms with John Foster Dulles, the American Secretary of State. This could be offset, however, by the fact that Mr. Macmillan is an old and close friend of President Eisenhower.

Men who do things. As a group, they have proved they are men who can get things done. Mr. Butler, Chancellor of the Exchequer since 1951, loosened or eliminated most of the controls imposed by the Labor Party and ended food rationing. Taxes have been cut, production encouraged. Today, England is booming.

As Minister of Housing, Mr. Macmillan supervised the building of more than 300,000 family dwelling units a year, partly by private industry, partly through low Government loans to local communities. He pushed the program so hard that he sometimes ran into conflict with Mr. Butler.

The prosperity induced by Mr. Butler's measures, peace sought by Sir Anthony —with pledges of a thoroughgoing conference of the Big Four—and Mr. Macmillan's easing of the housing shortage are regarded as the powerful influences that swung the election to the Conservative Party.

The Prime Minister. The elegant, aristocratic Sir Anthony starts off on a wave of personal popularity, but realizes that he has his work cut out for him. His reputation as a diplomat is firmly established, but he has still to prove himself as a domestic administrator.

As Prime Minister, he is expected to make foreign policy for Mr. Macmillan to administer. In that field, he places great reliance in his own capacities as a negotiator. He is ready to undertake a conference with Russia "at the summit," and one that would be far more thoroughgoing than the three-day session proposed by President Eisenhower.

But, on the domestic side, Mr. Butler is to be the Prime Minister's guide and tutor and, some say, boss. Men close to the situation find it difficult to visualize Sir Anthony's standing up against a decision made or a program proposed by the Chancellor of the Exchequer.

Having reached "the summit," his friends say, Sir Anthony has acquired a degree of humility that surprises those

(Continued on page 74)

You make them together...

When it comes to building a refrigerator—who's most important? The engineer, the designer, the production chief, the man on the assembly line? The fact is, they're *all* important. No matter what the product—refrigerator, TV, soup, soap or lipstick—producing it takes a *team!*

They buy them together...

And when a refrigerator is bought, that's a matter of *teamwork*, too. Whether they're all shopping together or one does it for all, the buying *decisions* are made by the *woman* and her family.

McCall's reaches them together...

... because McCall's is the only magazine aimed at the woman in the home *in terms of the new-found "togetherness" of her family.* Consequently, advertising messages on its pages get greater impact and acceptance.

McCall's, the magazine of Togetherness... Today, McCall's circulation and McCall's advertising revenues are at the highest point in history!

McCall's

[continued]

EDEN & CO.—BRITAIN'S BIG 3

who knew the dashing and often impetuous young statesman of earlier days.

Sir Anthony may prove somewhat less friendly to the U. S. than Sir Winston, and his ideas will carry far less weight with the American public. Nevertheless, American diplomats shudder at the thought of difficulties they would have encountered had the Labor Party won.

Man of the future. Mr. Butler, at 52, is considered a comer, a future Prime Minister. If Sir Anthony's somewhat fragile health should fail, most Britons expect the Conservative Party would turn to the Chancellor of the Exchequer for its leadership.

As a Conservative, Mr. Butler is a moderate. In the U. S. he probably would be identified with the more "liberal" wing of the Republican Party. While he has gotten rid of most of the controls that the Laborites left clamped upon England, he has done little to challenge the welfare state they created, and big government spending continues for medical care, pensions, and cradle-to-grave social security.

The British budget is in balance, however, except for capital expenditures, even showing a moderate surplus. Despite tax cuts, revenues have increased with production. Mr. Butler was at pains to build up Britain's reserves of gold and dollars, although the balance has been slipping of late, due in part to increased prices for the raw materials the country must buy and increased home consumption of articles that might have been exported.

One of Mr. Butler's goals is free convertibility of pounds and dollars, but that may be some time away. Just now he fears that a free exchange of currencies would greatly increase the foreign purchases of prosperous Britons and so throw the balance of trade seriously out of kilter.

As for the domestic boom, he already has taken steps to slow it down. A few months ago he took action to tighten the money supply by increasing the interest rate at which British banks borrow from the Bank of England. At the same time, with installment credit rising fast, Mr. Butler required that at least 15 per cent be paid down on cars, television sets, washing machines and other appliances, with the balance spread over two years. This action most Englishmen considered "courageous."

At all times, Mr. Butler keeps a cold and alert eye on the nation's internal economy and foreign trade, and is quick to act when he thinks action is needed. Yet he is not an economist by training. He was a famous scholar who picked up his economics along the way as a politician and businessman.

The Chancellor of the Exchequer was born in India, the son of a prominent British official there. He attended a public school and Cambridge University, stayed on at the latter for four years' graduate work in languages and history. Then, in 1929, he ran for the House of Commons and has been there since.

Ike's friend. Mr. Macmillan has replaced Sir Anthony in day-to-day dealings with the U. S. At the Foreign Ministers' level, negotiations will be between Mr. Macmillan and Secretary Dulles. This means an opportunity for a fresh start with Mr. Dulles, the possibility of a more cordial relationship than that between Sir Anthony and the American Secretary of State.

—Wide World

MR. BUTLER, SIR ANTHONY, MR. MACMILLAN
. . . all three are friendly to the U. S.

Then, too, there is Mr. Macmillan's special relationship with President Eisenhower. This developed during the North African campaign. An impasse had arisen over whether French forces would be commanded by Gen. Charles de Gaulle or Gen. Henri Honoré Giraud. Mr. Macmillan was there as British Resident Minister at Allied Headquarters.

Mr. Macmillan's tact and judgment in working out the tense situation impressed General Eisenhower. They became close friends. When Mr. Macmillan was appointed Foreign Secretary, President Eisenhower wrote him a warm and lengthy letter of congratulation.

Like Sir Winston Churchill, Mr. Macmillan makes much of the fact that his mother was an American. He had a strongly religious rearing, went on to Eton and Oxford and thence into politics. He has lost several elections but has been in Parliament 27 years. Meanwhile he has served as managing editor of the Macmillan publishing house, founded by his grandfather.

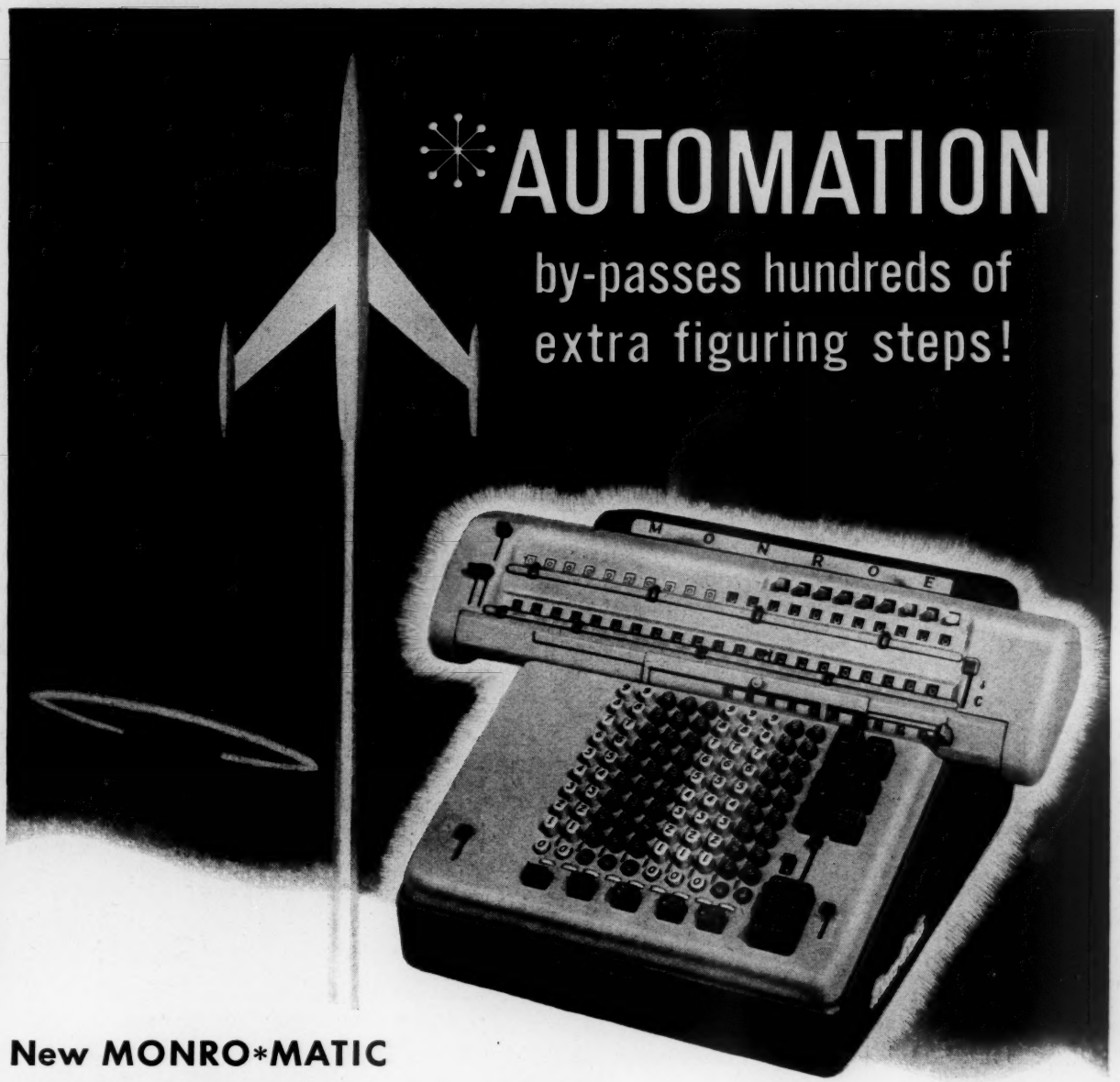
Like Sir Anthony, Mr. Macmillan became a Conservative Party rebel in the '30s on the issue of appeasing fascist dictators. Later, Mr. Churchill had important jobs for him. When the Conservatives returned to power in 1951, Mr. Macmillan was made Minister of Housing.

England was desperately short of housing. In addition to the destruction of the war, there had been little home construction during the war period. The Labor Party, taking over soon after, imposed rigid controls on materials.

Mr. Macmillan wiped out most of the controls. Private firms were permitted to build as many homes as they could for sale, but it was stipulated that they should contain no more than 1,000 square feet, usually five rooms. Cities, towns and county councils were encouraged to enter the building field.

For Mr. Macmillan it was a hard-driving job of scheduling materials, seeing that the necessary labor was where it was needed. In three years, under his supervision, some 1 million family dwelling units were constructed. From the Housing Ministry he went on, last October, to become Secretary of Defense. His ambition, however, always has been to attain the post he now holds, that of Foreign Secretary.

Triumvirate. So, Sir Anthony, after his long wait and despite illness and divorce, is on top. He brings with him able assistants, to share the load of his office. Government by committee, a committee of three—Sir Anthony, Mr. Butler and Mr. Macmillan—now is the prospect for Great Britain.



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A sleek new beauty with functional design and scientific "color-guide" controls, the Monro-Matic flies through the toughest figuring job with incredible ease and speed. Ask your Man from Monroe to show you on your own figure work. His office is listed in your classified telephone directory. Call him today! Monroe Calculating Machine Company, Inc., Orange, N. J.

OPERATORS WHO KNOW... PREFER **MONROE** *CALCULATING, ADDING, ACCOUNTING MACHINES*

Interview with FLOYD S. DAFT

National Institute of Arthritis, U. S. Public Health Service

A CURE FOR ARTHRITIS?

New drugs, now being tested, are raising the hopes of victims of arthritis.

Bedridden sufferers, treated with these new drugs, are being put back on their feet. Pains are disappearing from stiffened, aching joints.

Does this mean that science at last has found a cure for the biggest crippler of workers in their most productive years?

Editors of *U. S. News & World Report* put this question to one of the nation's foremost experts, Floyd S. Daft, who is director of the National Institute of Arthritis and Metabolic Diseases of the U. S. Public Health Service, in Bethesda, Md.

In this exclusive interview, Dr. Daft gives his answer. He tells what science now can do for people suffering from arthritis—and also what science still cannot do.

Q Just exactly what is arthritis, Dr. Daft?

A Arthritis, speaking very broadly, is an ailment that involves the body's joints. While there are many different types of arthritis, the two most common types are osteoarthritis and rheumatoid arthritis.

Osteoarthritis is characterized by the stiff and aching joints that almost everybody gets as he grows older. While bothersome, only rarely does it do the body any real damage.

Rheumatoid arthritis is an inflammation of the tissues lining the body's joints. Considering the number of people who have it, and its severity, it is by far the more important.

Actually, arthritis is one of the rheumatic diseases. All of them are related in that they involve the connective tissues at many sites. One conspicuous site is the lining of the joints. Frequently the connective tissue is destroyed; often there is a withering away of the muscles and, finally, deformities. Gout is one of the rheumatic diseases which involves the joints. There are others, most of them with long medical names; they aren't so common, although some of them are fatal.

Q Are arthritis and rheumatism the same thing?

A Well, rheumatism is one of the rheumatic diseases, so rheumatism and arthritis are related. But rheumatism is a disease of the muscles and connective tissue and not of the joints. It isn't one of the most serious of the rheumatic diseases.

Q Is bursitis the same type of thing?

A Yes. Bursitis is a form of rheumatism which does not involve the joints directly.

Q What is the most common type of arthritis?

A The most common type is osteoarthritis—otherwise known as degenerative joint disease. But, as I say, it isn't the most serious. People, as they get older, get some changes in their joints just from wear and tear. There's fraying of the cartilages that line the joints, a little stiffening, and the movement is somewhat restricted in the fingers or other joints.

Q At what time of life is osteoarthritis most likely to set in?

A The incidence is much greater with advancing age. Most people over 60 have a little bit of osteoarthritis, some have it at 45.

Q Is it a very serious handicap?

A Usually not. There are a few cases where there is severe crippling, especially when the hips or spine are involved, but most cases are relatively minor. It's just a matter of an aching joint and a little stiffening.

Q Then an individual doesn't necessarily need to worry about this as he contemplates growing older?

A Well, not really, although, of course, it may be an uncomfortable prospect.

Q Can this osteoarthritis be brought on by unnatural wear and tear on a joint?

A Yes, damage to a joint can bring it on; that is, damage by past infection, injury or overuse. People who are overweight are more likely to get osteoarthritis.

You see, this is an ailment which gives trouble when it occurs in the weight-bearing joints, and the first thing that a doctor will try to do for an osteoarthritic who is overweight is to get him to reduce. Extra weight increases the wear and tear on the weight-bearing joints.

Q There is a figure that 97 per cent of the people get arthritis. Is that osteoarthritis?

A It has been estimated that everyone—if he lives long enough—is going to get osteoarthritis.

Q How many of that 97 per cent are aware that they have it? Won't most of them have it in a very minor form?

A Well, they may be aware of pain or stiffness and may not call it arthritis. It will just be "the rheumatism"—like granddad's. It's simply part of getting old.

Q Is there anything you can do about osteoarthritis?

A Yes, there are measures that will make the patient more comfortable but we can't restore the joints to normal, nor halt the aging process.

Q So you are going to have a little pain and discomfort but seldom anything to really worry about?

A That's right.

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New Drugs on Way . . . Most Patients Still Are Treated With Aspirin, Rest . . . Nearly Everybody Affected—Eventually

Q The type that causes medical concern, then, is rheumatoid arthritis?

A Yes. That and some of the rarer rheumatic diseases which may have a fatal outcome.

Q Do many people get rheumatoid arthritis?

A That's a question that is hard to answer accurately. We don't know exactly how many people have it.

Q Are there any acceptable guesses? In other words, is arthritis an important disease?

A Oh, it's a very important disease, without any question. Let's put it this way: More than 10 million people in this country are afflicted with rheumatic disease. Of these, about 200,000 are completely disabled, while more than 4 million are disabled part of the time. Rheumatoid arthritis accounts for most of the totally disabled and for perhaps more than a million of the partially disabled. One authority estimates that 320,000 people are rendered unemployable by arthritis each year.

We hope soon to have more accurate and reliable data on rheumatoid arthritis as a result of several studies which are now under way. But, one thing we know—the rheumatic diseases afflict, cripple and disable more people than any other chronic disease. Their economic and morale-shattering impact make them—and rheumatoid arthritis, in particular—of outstanding medical, social and economic importance.

Q Aren't there some brand-new drugs that look especially promising to relieve arthritis?

A Yes, there are.

Up until last August, the best treatment we had was cortisone. But cortisone has some drawbacks—it and a very similar drug called hydrocortisone. They can cause the body to retain salt and water—that puts a strain on the heart and kidneys. They can cause a puffing of the face—"moon face." They can cause unwanted facial hair to grow, particularly in women.

So, ever since the discovery of cortisone, it has been hoped that there could be devised even better drugs along this line. There has been a great deal of study, particularly by the pharmaceutical houses, who have made variations in the cortisone molecule—changes in cortisone's chemical structure that resulted in new drugs.

Part of our program at Bethesda is the study of the treatment of arthritis. We're interested also, of course, in finding the cause, and in its prevention and cure. In other words, we are interested in more than just the treatment of the disease after the patient gets it. But treatment is part of our program, and we have tried, from time to time, new drugs as they have become available.

Now, last August two new drugs were submitted to us, and they seemed to have desirable characteristics. So the chief of our arthritis branch, Dr. Joseph J. Bunim, and his associates started testing them, and the effect on the first patient was quite remarkable. He now has studied a total of 18 patients. And since November, when his results were announced at a meeting of the American Rheumatism Association, one of these two compounds has been tested in probably 1,000 patients with rheumatoid arthritis.

Q In comparison with cortisone, how good are the new drugs?

A They seem to be three to four times as potent as cortisone and hydrocortisone, and the increased potency does not seem to be accompanied by a corresponding increase in bad effects.

Q How quickly do they work?

A You can see it within 24 hours. You get your maximum subjective effect within three days—that is, the patient reaches the height of his feeling of well-being then. However, it takes about three weeks to get the maximum effect from an objective, clinical standpoint.

–USN&WR Photo

FLOYD S. DAFT

Just as an illustration, take the second case that we had: This lady came out to us—she was in severe pain, required a great deal of pain-killing drugs, couldn't sit up in bed without help, couldn't get up from a chair without very great pain. She couldn't walk, couldn't do even the simplest things to take care of herself. It was agony for her to comb her hair or brush her teeth. I saw her a few days after she had received her first dose of the new drug and she could get up out of a chair, walk along, and there was no pain. Now she comes back for treatment on an out-patient basis. She takes care of herself, her home, and comes in once a week.

(Continued on next page)

. . . "We don't cure the patient—we make him comfortable"

Q Do you get the same results in all the patients?

A So far we have not heard of a patient who has not improved. Now, of the 18 patients Dr. Bunim has had, he has had a complete remission under the drug—that is, there are no signs whatever of any arthritis—in eight of the patients. There has been a major improvement in eight more. And two cases—which were very far advanced at the time treatment was started—have had only a slight improvement.

Q In those eight cases where there has been a complete disappearance, are those persons now off the drug?

A No, they are still taking it.

Q They have no outward signs of arthritis, but they have to continue to use the drug?

A That's right.

Q Couldn't you take them off to test them?

A We have in a few cases cut out the drug, removed it slowly. And in every one of those cases, as I recall, the disease has come back. Thus we haven't hit one, in other words, that has had a spontaneous disappearance of the disease.

So we're pretty sure from that that in this regard the result will be the same as with cortisone and hydrocortisone—we don't cure the patient; all that we do is make him comfortable.

WHEN ARTHRITIS DISAPPEARS—

Q What sorts of cases have a spontaneous disappearance?

A They are cases usually in the early stages of the disease. These have about a 15 per cent chance of having a remission which will last for months or years.

Q Does that mean that if you go to the doctor as soon as you get some of these pains in your fingers you are going to have a better chance of getting a disappearance?

A No. The chances of a remission, as far as we know, will be the same whether or not you get any treatment at all. So that the reason you take one of these drugs is to prevent crippling during the period when the disease is active. But if you're going to get a remission, you will probably get it just as well whether you have the drug—any drug—or not.

Q If you have a remission, what are the odds that the disease will come back?

A In all likelihood it will come back.

Q Do these remissions occur generally in younger patients?

A They are more likely to occur in early cases of arthritis, but that isn't necessarily a younger patient. Patients in their first year of rheumatoid arthritis have a better chance for remission than those who have had it a long time.

Q Is the new drug a "shot" or a pill?

A A pill. It's given orally.

Q What is the drug?

A Chemically, it is a close relative of cortisone.

Q Is it a hormone?

A We think it may be. It acts, in tests, like such a body chemical would act. But so far it hasn't been shown to be produced by any of the body's hormone-secreting glands.

Q What about the other new drug?

A Well, the two drugs are so closely related that you can talk about them in the same breath, but one in particular is being manufactured in large quantities today.

Q They are in general use now?

A One has just been released after approval by the Food and Drug Administration. It is generally available in drugstores on a physician's prescription. The other, it has been announced, is expected to be on the market later.

Q Do they have a name?

A They were originally called metacortandralone and metacortandracin. Now, though, the chemical name has been changed to prednisolone and prednisone.

Q Haven't they developed a nickname yet?

A These drugs are manufactured by the Schering Corporation, and they have given them patent names. For prednisone it's "Meticorten" and for prednisolone it's "Meticortelone." Other drug companies will probably get their own patent names for the identical compounds.

Q Are other pharmaceutical firms manufacturing the drugs?

A We understand that they are now being produced by several other pharmaceutical houses. There've been announcements from four different pharmaceutical houses, all of them giving information that they had an interest in the development.

Q Are the new drugs expensive? Will you have the same situation, for instance, as when cortisone first came out?

A We are very certain not to have that situation. Two of the pharmaceutical companies have indicated that, dose for dose (not weight for weight), the cost of the new drugs should not be a great deal more than cortisone now costs.

Q Could you give us a little fill-in on how much cortisone cost when it first came out and how much it is today?

A I think the earliest price on cortisone that I remember was $400 a gram—which meant that it cost the average patient about $40 for a day's dosage. Now it is down to where the drugstore price to the patient is about $6 a gram, or about 60 cents for a day's treatment. There has been a tremendous improvement in the methods of manufacture.

Q Is it likely to become still cheaper?

A Yes, the history of cortisone is that its price is coming down all the time, and I would think the same thing would be true for the new drugs. Now, the rate of their coming down may not be as great. The price won't have as great a percentage drop, I'm sure. But I am sure that they will make improvements in the manufacture and the price will come down.

Q What hope is there that you will get something even better than these new drugs?

A That is really the main point I wanted to make about the new drugs—that their importance lies largely in this area. It is true that the drugs should bring relief to a lot of patients we are not improving with cortisone. On the other hand, I am certain that there will be a tremendous search from now on for an even better drug.

We know now that cortisone and hydrocortisone are not the end of the road. There can be better drugs. We've shown that there are better drugs. You can be very certain that there will be a rush now for related compounds which might be even better. So, this gives tremendous impetus to the search for the drug which will turn out to be the ideal one.

CORTISONE VS. RHEUMATISM—

Q Has cortisone or hydrocortisone shown any effect on rheumatism or gout or some of the diseases related to arthritis?

A Yes. There is an effect in almost all of the related diseases. But there is some argument as to how good the effect is.

Q Do you suspect that these new drugs might be more effective in those diseases?

A You can be sure that they are going to be tried in all the diseases where cortisone has been useful. Whether they will

be more valuable or less in those other diseases, we really can't say.

Q If you've been using these drugs only since last August, how can you really know what they will do?

A We can't, and I want to emphasize—and I think I haven't sufficiently so far—that in order to actually evaluate these new drugs, you must have many more patients and for a much longer period.

Q So that as promising as they look, they still may not be the answer?

A Well, there are two things. No. 1, we actually still do not know how good they are, because we've only tested them since August, and we at the Institute are the only ones who've tested them even that long, and that's only on 18 patients.

It was not until our results were announced at the Rheumatism Association meeting that the drug was released to other clinics. So that all of the other tests have been since November. You can see, then, that, although we speak about a thousand patients having been tested, nevertheless, those tests to date have been for very short periods of time, and we cannot evaluate them on that basis. It is possible that some things will develop that are quite unexpected.

We can only say at this stage that this drug looks promising.

The second thing that I would like to emphasize is that very definitely this is not the drug we've been looking for. We want a drug that doesn't have any side effects and will still benefit the patient. If we're considering only treatment of the patient, not even cure, still what we're looking for is a drug which will benefit the patient, cause subsidence of the inflammation, without these side effects. Now, that is not true of these drugs. There are some side effects.

CUTTING DOWN SIDE EFFECTS—

Q These side effects—are they more likely to occur with the new drugs or with cortisone?

A With cortisone. With the new drugs, the only side effect that we're quite sure does not occur is the accumulation of fluid and salt in the body. Presumably every other side effect may yet occur.

Q Then they don't always occur?

A Oh, no. Even with cortisone and hydrocortisone they don't always occur. As a matter of fact, in 50 to 70 per cent of the patients, the side effects are so minor that you don't worry about them. It's only in about 30 per cent of the cases that you usually get them, although reports vary from clinic to clinic.

Now, with these new drugs, we're quite sure that most of the side effects can occur if you give enough of the drug. Fortunately, you can in most cases control the disease without the development of very serious side effects.

Q Are any of these side effects permanent, once the drug is withdrawn?

A Practically none of the side effects—with the new drug or with cortisone—are permanent.

Q Is it known what causes rheumatoid arthritis?

A We have no idea.

Q Can it be cured?

A It cannot. We don't know what causes it, and there is no cure.

Q You can't get over it? It never leaves the body? What about the remarkable results from cortisone?

A That's a little different. I have been putting it on the basis of there being nothing we can do to cure the disease.

Now, the nature of the disease is that it comes and goes—there are periods when the pain and inflammation is present and periods when it isn't noticeable. Sometimes there are spontaneous remissions of the disease—it spontaneously leaves and there are a few cases where it never comes back. We don't know how or why that happens, but in a percentage of the cases it does.

So, the common treatment is to take advantage of the nature of the disease, and, during the periods when it's acute, we use drugs to help the patient over that period. We try to prevent the disease from progressing, from going on to a crippling condition, and hope for a remission.

It's a good deal the same as for some other diseases with which you are familiar. In diabetes, for example, you know that you never cure a diabetic. All that you do, you might say, is to permit him to live with his disease and to live as nearly a normal life as possible. He has to be careful all the time. Now, in arthritis you do not cure the disease, that is very true, but you do something which is so beneficial to the patient that to him it is almost a cure.

Q And would you say there have been some big advances in that kind of treatment in recent years?

A Yes. The first really outstanding advance in recent years was cortisone.

That doesn't mean that we didn't have good treatment for a lot of the patients before then. There were good treatments—and most patients with beginning arthritis who come into a clinic today are treated very conservatively and very simply with corrective exercises, physiotherapy, rest and aspirin.

Now, aspirin does more than merely prevent pain; it's an anti-inflammatory drug. It's used beneficially with many patients.

Q Does that mean that cortisone has turned out to be not much better than aspirin?

A No. Dr. Bunim has made a study—a comparison between treatment with aspirin and treatment with cortisone. Dr. Bunim found that in many cases where aspirin had failed to bring relief, cortisone was very helpful.

There are some doctors who will argue that aspirin is just as good as cortisone in all cases, but they are in the minority.

WHO DEVELOPS ACHES—

Q Is there a time when a person is more likely to develop rheumatoid arthritis?

A Well, it comes at all ages, more frequently between 20 and 50, although there are early cases—childhood arthritis.

Q Is any particular type of person more likely to get this disease—an individual who is overweight or one who is underweight?

A There is little known about body build in relation to rheumatoid arthritis, although I have seen a few studies indicating that some body types are supposedly more prone to the disease. There is a small sex difference; women are more likely to get rheumatoid arthritis than men.

Q Does physical activity have anything to do with it?

A No.

Q Would a nervous man be more prone to arthritis than a phlegmatic man?

A There are certain things which seem to herald an attack

(Continued on next page)

. . . "You can reduce the crippling by corrective exercise"

of arthritis, such as worry, anxiety, insecurity. Often one step in the treatment of an arthritic is to take him out of the surroundings in which he is worried and harassed and get him into a calmer environment.

Q Does that mean that a personality type—the busy executive, for example—might be more likely to develop rheumatoid arthritis?

A Oh, no, we're not saying that worry—business worries or any other kinds of worry—causes arthritis. We're only saying that in a rheumatoid patient it is likely to touch off a flare-up of the arthritis.

Q If you already have the disease?

A Yes.

HOW TO SPOT ARTHRITIS—

Q What is the nature of the attack? How does a person who doesn't know he has rheumatoid arthritis become aware of it?

A It is usually signalized by tender, inflamed joints.

Q Might that be anywhere in the body?

A Yes, although it is more usually in the fingers.

Q By inflammation you mean visible swelling?

A Yes, it's usually visible. The center joint of the finger, for example, is often very swollen, as well as being tender and reddened with inflammation.

Q And stiff?

A Yes. Stiffness comes on quite early—both early in the disease and early each morning on arising. That is, the joint becomes painful first and you have very little inclination to move it. Then the disease may go on to the point where there is a withering of the muscles and, finally, some deformity and stiffness.

Q Does it localize itself, or does it spread all over?

A It's a generalized disease. You see the effects of the disease mostly in certain places of the body, but it's a generalized inflammation of connective tissue throughout the body.

Q Could you have it very long before you feel any painful symptoms?

A No, you wouldn't have it long before you would notice something. You might have minor pains and just notice that they were increasing, but it wouldn't be long before they were very noticeable.

Q Can the average family doctor recognize rheumatoid arthritis in its early stages; when you go in for your yearly checkup, for example?

A Yes, indeed. The well-trained, alert physician should have very little difficulty in recognizing it.

Q But is your doctor likely to discover it first, or are you?

A Usually you would notice the pain and swelling first. You might not recognize it as arthritis, but the case would be very, very rare where the doctor might call attention to an inflamed condition that you hadn't already noticed.

Q Can rheumatoid arthritis be caused by some other ailment?

A No.

Q If an individual doesn't stand properly—develops a slouch, and the like—is that likely to put a strain on his joints that might lead him to get rheumatoid arthritis?

A No.

Q If you get rheumatoid arthritis in the joints of your fingers, can you expect that you will also get it in your other joints and in your back? Does it progress?

A In a great many cases it does. You may get it in your hands and get a spontaneous remission, and it will never come anywhere else. But, in general, when you start getting it in your fingers, there is a great probability, certainly, that it will progress to other parts of the body.

Q Can you have a mild, chronic arthritis which comes and goes occasionally for years and years without getting worse?

A Yes, indeed.

Q Can you reduce the effects of the disease by exercise?

A You can reduce the crippling by corrective exercise. That is one very important thing in the treatment of rheumatoid arthritis—keep full motion in all of the joints and prevent the crippling. If you do that, then very often the patient will get a subsidence and there will be no lasting effects of the disease. But, of course, the exercise is painful. Even under sedation there is considerable pain involved, and so people often are loathe to exercise.

Even after the disease is fairly well advanced, though, rehabilitation is quite possible for a great many cases. And that involves to a certain extent exercise—first, for someone to move the limbs when the patient cannot, and then later for the patient himself to exercise the limbs.

Q What about mineral springs and baths?

A I think that probably their relief is related to the fact that the person rests and takes care of himself. He gets away from his business worries and other worries for a short length of time. There is some help in physiotherapy in general, but the baths themselves are certainly not strikingly helpful.

Q What about radioactive mines—uranium cures?

A There is no scientific evidence that any so-called radioactive mines have any merit.

Q How about patent medicines in treating arthritis?

A As effective a medicine for rheumatoid arthritis or osteoarthritis as any that can be bought without a doctor's prescription is aspirin.

Q Is there any connection between alcohol and arthritis? Does it aggravate the disease to drink?

A No, not that I know of.

MINOR PAINS? DON'T WORRY—

Q Would it be correct to say that if you don't have general aches and pains, you don't have to worry about rheumatoid arthritis, but if you have swollen joints, then it's something to see a doctor about?

A I would say if you have swelling in one joint or in more than one joint which is progressive—that is, getting worse—then certainly you should. If, however, it's a very mild ache or pain even if it doesn't clear up, it probably isn't worth bothering about. I think all of us have some slight abnormalities in one area or another. There isn't a normal, symptom-free individual in the world anywhere. So, if it doesn't get worse, it's nothing to worry about.

Q What about general aches and pains?

A General aches and pains are usually not going to progress into anything very serious. There will be discomfort—rheumatism is uncomfortable, it's very true. But there's a far cry between the discomfort that goes along with most cases of osteoarthritis or rheumatism and a severe case of rheumatoid arthritis. There's all the difference in the world. It's rheumatoid arthritis that presents the real, pressing problem, and that's the one we are concentrating on.

News YOU Can Use ®

IN YOUR PERSONAL PLANNING

24th and N Streets, N.W.
Washington, D. C.

Summer jobs for youths raise many questions for parents, the youths themselves and their employers, too. We checked laws, found this:

CHILD-LABOR LAWS. Most States require that youths under 18 have "work certificates" if they're to work in commercial or industrial places for employers other than their parents. Certificates are issued by local school officials, help employers avoid trouble because they show the real age of applicants and readiness for work. Usually no permit is needed where a youth will be doing odd jobs around your house or farm, or a country club, for example. But State laws vary. If there's any doubt, a State employment agency can advise you.

LIABILITY FOR ACCIDENTS. What happens if a youthful worker gets hurt at your place--by cutting himself on a power mower, for example? There's no general compensation law specially relating to minors. If working in a regular business, they're protected by the same laws that cover adult workers. All 48 States now have compulsory workmen's compensation laws applying to most industrial and commercial jobs. These provide set rules for protection of both worker and employer, under which payments are determined in case of injuries.

A casual worker, such as a boy doing chores around your home, must rely on common-law suits for damages if he is injured and the employer contests responsibility. Personal liability insurance, of the comprehensive type issued by many companies, would cover most cases of a worker hurt around your home.

TAXES ON EARNINGS. A youth has to pay federal income tax if he earns $600 in a year's time, even if he is only 14 years old, for example. If his earnings are taxable, he files his own return, claims himself as an exemption. He doesn't pay any tax if his income is exactly $600. If it's $700, he pays $6 tax, assuming standard 10 per cent deductions. His parents also can take his dependency exemption, regardless of his earnings, if providing more than half of the youth's actual support.

SOCIAL SECURITY? If you pay a youth as much as $50 in a calendar quarter, he qualifies for Social Security coverage. This means you have to withhold 2 per cent of his pay, add a matching 2 per cent from your own pocket, and turn in the money with tax form 942. It's the same rule that applies to a maid. But there's a quirk that will exclude most vacation-period workers.

The quirk is this: Present calendar quarter ends June 30. Next quarter is

(over)

July 1 through September 30. A boy who earns $10 in June, and a total of $40 in July and August, would not qualify for Social Security and you would not have to pay any tax, since he didn't earn $50 in either calendar quarter. However, rules are entirely different for a youth working on a farm. A boy working on a farm can qualify for Social Security coverage if he earns as much as $100 in a year's time, whether he earns it all in one month or in 12.

WATER WASTERS. A shower--if you don't linger too long under the spray--uses 10 gallons of water compared with a tub bath's 20 gallons. That's one of the hints on ways to save water this summer, as offered by the American Public Works Association. Other tips: Give milk bottles a minimum rinsing; milk companies sterilize them anyway. Fix leaky faucets quickly; they can waste hundreds of gallons of water.

DRAFT EXEMPTION. Selective Service provides these answers to questions about National Guardsmen's draft status: A youth who joins the Guard before reaching age 18½ is deferred only as long as he serves satisfactorily. His draft liability extends to age 35. A new bill, ending draft liability for such youths at 26, has been passed by the House of Representatives, but has not yet been acted upon by the Senate.

GIFTS TO CHILDREN. When you give a child real estate, say, or stocks or bonds, you can put restrictions on the child's use of the property's income until he becomes 21, and still claim the exemption from tax on gifts up to $3,000 in a year. This is a special "break" applying to gifts to children, since ordinarily you have to pay a gift tax on the full value of any property that you give with a string attached--thus keeping an interest in it. Under the special tax rule for gifts to children, you can keep control of the income without losing the gift tax benefit--though any money spent must be for the child's account, not your own, and the property has to pass to the child's estate, not yours, if he dies before 21.

ELECTRIC BLANKETS. Putting an electric blanket away for the summer? Department of Agriculture offers this advice: Chemical cleaning solvents may damage insulation on wires. It is best to wash gently in warm water, and dry over parallel clothes lines in the shade. Agitation in a washing machine can cause wool blankets to shrink. Drying in mechanical dryers can twist, and ruin, the wiring.

VACATION PLANS. There's this about vacations, and the need to plan them well in advance: U.S. has 25 million more people than it had in 1940; most people are prosperous now. That indicates a big rush for the better vacation spots this year. Latest advice from travel-industry sources is that the advance reservations are beginning to pile in. You may want to act soon; or take a chance of being crowded out of your favorite place.

TAXES COMING. Second installment on your federal income tax for 1955 is due June 15, if you're one of those who filed an April 15 "declaration" showing that your tax would not be fully covered by withholding. You'll need to have cash ready; a penalty is charged if payment is late.

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memo

FROM OKINAWA

A U.S. POWERHOUSE

OKINAWA—From airfields on this island, U. S. warplanes can fly to China or Russia and unload any bomb in the American arsenal, no matter what kind.

The catch is that planes from the Asian mainland can be over Okinawa in less than an hour, too, to drop any Communist-made bomb.

New Soviet aircraft and weapons have altered somewhat the role of this huge U. S. base that is often called "the keystone of the Pacific." When the American occupation of Japan ended in 1952, there was a good deal of talk that Okinawa should replace Tokyo as headquarters of U. S. military forces in the Far East. You don't hear that any more, since this island has moved closer in time, if not in space, to Communist China.

The big Strategic Air Command bombers that used to base here have been moved back to Guam, 1,200 miles to the southeast, or to other areas. The new bombers still use Okinawa, but it is no longer the home nest of the giant birds. The reason: Even if radar detected enemy planes, there might not be time to get all the bombers into the air.

Vital to America. It is easy to see what it is that makes this island so important to U. S. military planning in the Pacific. Jet fighter-bombers from Okinawa can carry atom bombs to targets deep inside Red China and return. They are capable of striking at the air complexes the Communists have built up along the Chinese coast opposite Formosa. If Formosa should fall to the Reds, jets from Okinawa could pulverize airfields on Formosa itself.

As for the jet bombers, a B-47 from Okinawa can reach anywhere in Manchuria, China or Southeast Asia.

In time of war the island can serve as a staging area. Big ships can dock on both coasts. There are plenty of excellent beaches for landing craft. The airfields are ample for staging airborne operations. There was plenty of room to house nearly 200,000 American soldiers in the final days of World War II.

Ten years ago this month American

—United Press

OKINAWA: "KEYSTONE OF THE PACIFIC"
. . . an easy flight to China—or from China

GI's were losing their lives on this island in the last and bloodiest battle against the Japanese.

When the war ended, 182,000 American soldiers and mountains of fighting gear were assembled on Okinawa, poised for the signal to invade Japan. In the next few years, the GI's went home and the equipment rusted away in the warm salt air. Okinawa became known as "the junkyard of the Pacific." Soldiers in the Far East called a transfer to the island a sentence to "The Rock."

That's all changed now. Okinawa is a U. S. bastion in the Pacific. Something like 600 million dollars has been spent to convert the island from postwar neglect into the base of the present. Only a few scars of battle remain visible. The base is laced now with four-lane, paved highways. It has typhoonproof houses for servicemen and their families and other refinements—including a golf course.

With such a base worked into the U. S. defense chain of the Western Pacific, it is quite apparent that the Americans probably are here to stay—at least as far ahead as anyone can see.

Japan keeps ownership. Under the peace treaty Japan renounced all claims to Korea, Formosa, the Kuriles and other territories, but Okinawa was not included in the list. Instead, the U. S. was given the right to occupy and govern it along with the other Ryukyu Islands. "Residual sovereignty" remains with Japan. That means the U. S. can neither annex Okinawa nor give it independence. All the U. S. can do is to suggest that the island go under a United Nations trusteeship, return it to Japan, or keep on occupying it.

At the moment the U. S. has every intention of maintaining the status quo. To the American forces in the Pacific, Okinawa—once a rusting wreck of World War II—seems now as permanent a U. S. base as Guam or Hawaii.

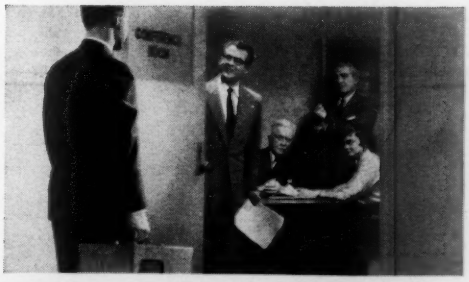
–United Press

ISLAND SUPERMARKET
Americans expect to stay

How many of these business problems can MOVIES help you solve?

SELLING HARD-TO-SEE BUYERS

American Air Filter Co. salesmen must sell their Unit Ventilators to hard-to-see engineers, architects, and school officials. A movie helps to open these important doors. And the company has been able to trace many of its steadily growing Unit Ventilator sales directly to the movie.



STRETCHING PROMOTION MILEAGE

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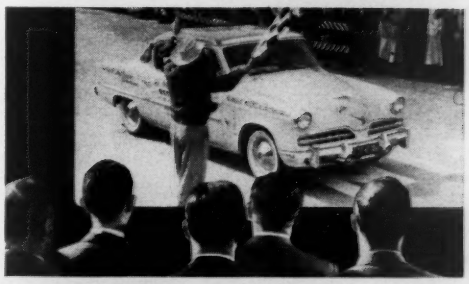

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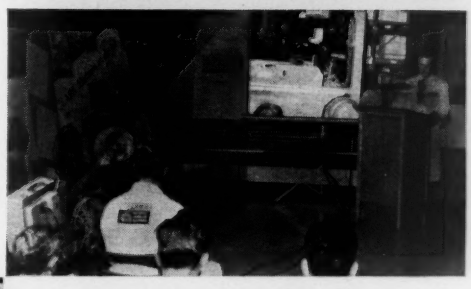
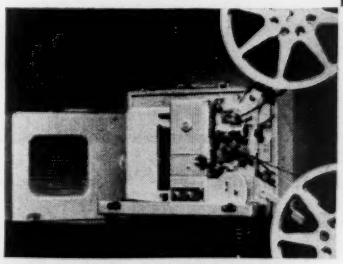
Buyers of Clark materials-handling equipment get a bonus in savings and employee morale. With an entertaining yet forceful movie, the *Clark Equipment Co.* shows customers' employees how to use its products safely and efficiently. Clark's bonus is good will.





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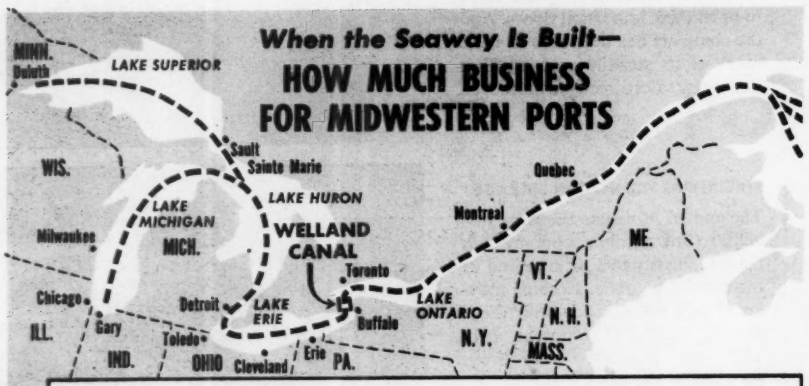
Kodak

Special Report

(This article represents the result of an extensive research on a problem of outstanding importance.)

THE INLAND PORTS— EXPECTING TOO MUCH?



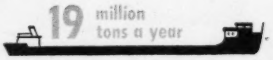
Ports on the Great Lakes now handle ship traffic totaling 256 million tons a year

St. Lawrence Seaway has been counted on for a great increase in this traffic

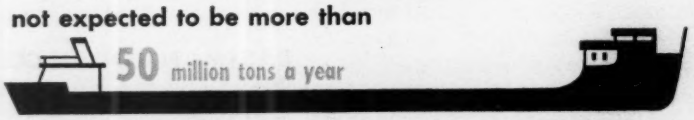
BUT:

Welland Canal, between Lake Ontario and Lake Erie, may be a bottleneck

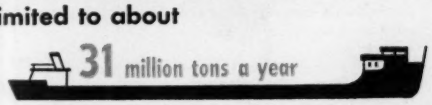
Now, traffic through the canal totals



When canal is improved, on the basis of plans now authorized, capacity is not expected to be more than



SO: New freight through Midwestern ports, via the Seaway will be limited to about



This means, at the outside, an increase in Great Lakes traffic of about 12%

© 1955, By U.S. News Pub. Corp.

Source: U. S. Army Corps of Engineers, St. Lawrence Seaway Development Corporation and Canadian Government

Work on the St. Lawrence Seaway is sparking a boom in ports around the Great Lakes. Harbor developments are being pushed. Companies are urged to locate near the future Seaway.

But fear is growing, among experts concerned with the project, that people may be expecting too much too soon.

This article tells why the experts now are urging restraint.

Is the St. Lawrence Seaway going to be a big disappointment?

Some of its most ardent backers fear it may turn out that way.

Here is what these people, experts on the project and its problems, now are saying to interested groups in the Middle West—

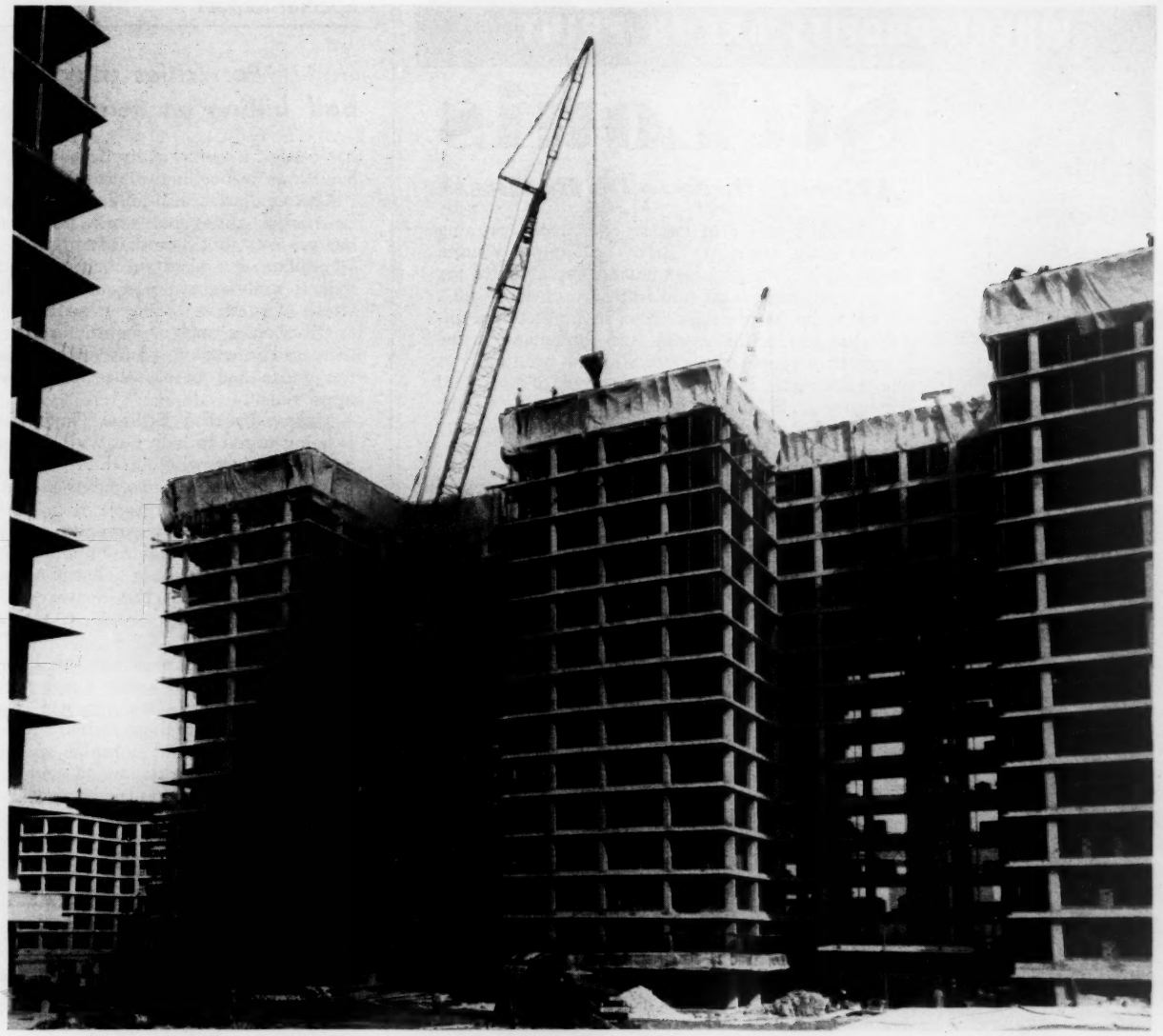
- To consumers: Don't expect transportation costs for most things you use to drop sharply after the Seaway opens in 1959.
- To businessmen: Don't expect a sudden shift in traffic, except in a few bulk products such as grain and ore.
- To Lake cities: Don't spend too much on wharves, warehouses, roads and other port facilities; don't think you're going to rival New York overnight.

The Seaway's future still is regarded as bright, despite these warnings. Trade in the region it will serve is expected to expand greatly over the years. The question being raised is: How fast? Problems, once minimized, are getting more attention.

Bustle ashore. Greatest fear of the Seaway people is that Midwestern cities and firms will gamble too heavily on business to be generated by the 27-foot-deep channel through the upper St. Lawrence River and Welland Canal. The present channel, 14 feet deep, can be navigated only by very small ocean vessels and lake boats. The new one will be adequate for most ocean freighters.

Ever since Congress last year agreed that the U. S. would join Canada in building the necessary canals and locks, one city after another, large and small,

(Continued on page 88)



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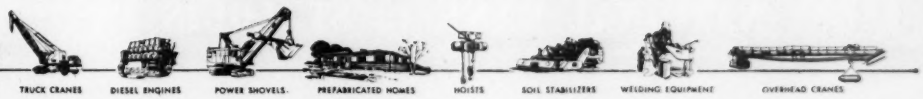

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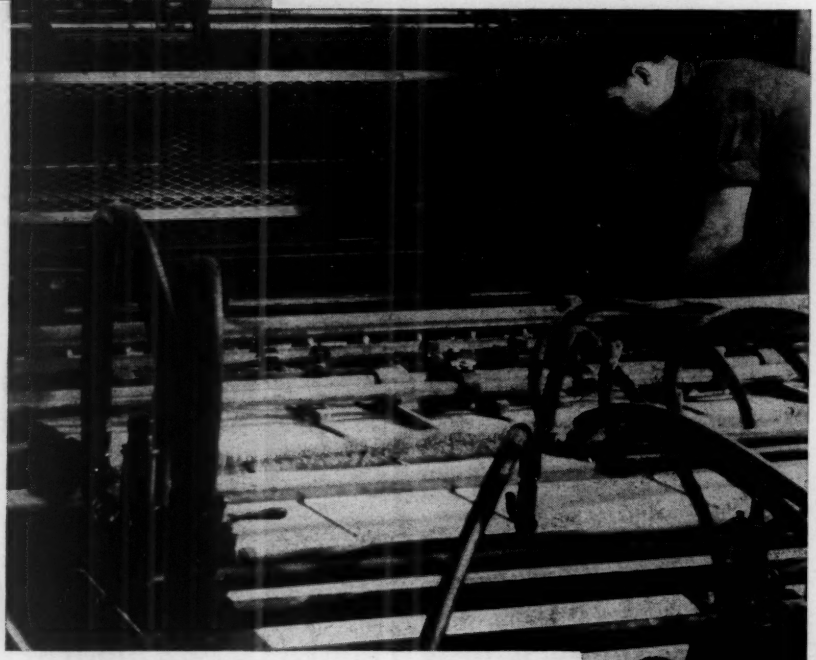

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Port cities may stake half billion on Seaway . . .

has caught a vision of itself, a few years hence, as a bustling international port.

Chicago has a 125-million-dollar plan for harbor and canal works. Cleveland has projects that would cost upwards of 70 million if pushed to completion. Toledo is studying some 21 million dollars' worth of suggested improvements.

Other cities, such as Detroit, are taking increased interest in plans worked out a few years ago before the Seaway was approved.

Meanwhile, the Federal Government is being urged to help out with dredging and levees everywhere in the region. Cost of these federal improvements is put at 109 millions.

Total investment, government and private, could reach half a billion dollars, some authorities believe. That is in addition to the cost of the Seaway itself: about 83 million for the U. S. and 217 million for Canada.

Cold water. Now a caution light is being flashed by Seaway supporters to the local planners. One expert is warning city officials in these terms: "No city on the Lakes should consider spending more than 5 million dollars on new docks and harbor facilities on the basis of traffic expected from the Seaway."

Estimates of what the Seaway will mean, in terms of freight business, are being revised downward.

In 1948, the Canadian Department of Transport figured that 44.5 million tons of freight a year might move through the St. Lawrence and Welland Canal when improved. The Welland is the vital link between Lake Erie and Lake Ontario.

In 1950, the U. S. Commerce Department, more optimistic, said it expected traffic of 57 to 84 million tons.

Now, Canadian officials say they foresee only about 31 million tons of traffic for the "first five to 10 years." U. S. officials are talking about 36 million tons of business in 1960, about 52 million in 1965.

These new figures still are sizable compared with the present trickle of less than a million tons a year of overseas trade through the St. Lawrence and with the 19 million tons that now flows through the Welland Canal, mostly interlake cargoes. However, the new-freight figures are small compared with the total amount of cargo now moving on the Great Lakes from one Lake port to another: more than 256 million tons a year.

Some experts are saying most of the Lake ports cannot count on sharing in new business even to the extent of 36

. . . Canal, weather limit Lakes' shipping gains

million or 52 million tons. They see a lower limit because of the Welland Canal.

A bottleneck. The Canal, which is Canadian, is going to be deepened from 14 feet to 27 feet to conform to the Seaway. But that will leave two obstacles.

One is a series of five single locks, which dictate one-way-at-a-time traffic through portions of the Canal. To expand the Canal by duplicating these locks would cost an estimated 100 million dollars more and, Canadian officials warn, "This is not something for the immediate future."

The other obstacle, which applies to the whole St. Lawrence system, is winter weather. It closes the River about 135 days of the year and the Canal about 105 days, on the average.

With those problems in mind, the Canadian officials have said this:

". . . the practical operating capacity of the Welland Canal, under the most likely conditions of direction and types of vessels using it, would be of the order of 45 million tons per annum. As the average size of vessels transiting the Canal increases, the practical operating capacity of the Canal will tend to increase."

U. S. engineers, counting on such a trend, say the Canal may be able to handle as much as 50 million tons.

Traffic now moving through this bottleneck is somewhat more than 19 million tons a year. This has to be deducted in computing the extra business that will be possible when the Seaway is finished. The increase thus turns out to be somewhere between 26 million and 31 million tons a year.

Compared with traffic now moving on the Lakes, this means an increase of 10 to 12 per cent.

What kind of trade? Most of the new cargoes moving through the Seaway, all authorities agree, will not be the kind of thing that comes to mind when talking about possible foreign trade. The greatest part of the movement is expected to consist of grain from the Central States of the U. S. and from the Canadian Prairie Provinces and Ontario, iron ore from Labrador, other ores, coal and wood pulp.

Savings in transportation will be most substantial, the experts agree, on bulk cargoes. Canadians expect to be able to shave 5 cents a bushel from the cost of their wheat, landed in Britain, after the Seaway opens.

In case of traffic jams, these products, vital to U. S. and Canadian industry, are expected to get priority.

One expert concludes: "This leaves only approximately 5 to 6 million tons of

(Continued on page 90)

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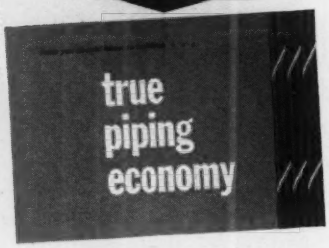

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. . . Many ports must share Seaway business

general cargo traffic to be divided among all the ports on Lakes Erie, Huron, Superior and Michigan, both Canadian and American, for all other types of traffic, inbound and outbound. . . . If we take an optimistic average loading of 10,000 tons for each ocean vessel, you can expect about 250 transits inbound and 250 outbound during an average season of 244 days."

In other words, there would be about one ship in and one ship out per day, aside from the bulk carriers.

The Seaway business will be split among a long list of ports west of the Welland. The big ones on the U. S. side include Duluth, Chicago, Toledo, Detroit, Indiana Harbor, Cleveland and Buffalo. Canadian ports such as Windsor and Hamilton will get a share, too.

Some of these cities are expecting gains in foreign trade beyond what the experts of the Seaway now consider likely in the next decade. For instance, a study made by an engineering firm for the city of Detroit indicates its overseas business will grow from about 50,000 tons a year to a million tons, a 20-fold rise. Plans drawn by another firm for the city of Toledo were based, in part, on the old Commerce Department forecasts, which officials now reject as too high.

Competition. Business problems to be faced by Great Lakes shippers also are getting more study nowadays. For instance, there once was a belief that much more oil and petroleum products would move through the Seaway. Now it is felt that most of this shipment will be by pipeline, which is cheaper and faster. The biggest, most efficient ocean-going tankers won't be able to get through the Seaway.

On some other products, savings in transportation may not be enough to cause traffic to shift from the railroads. One study indicates the saving in sending automobiles from Detroit to England through the Seaway will be about $20 per car, a small matter on such a costly item. Saving on shipping a carload of refrigerators to Europe is estimated at $114, or 9 per cent.

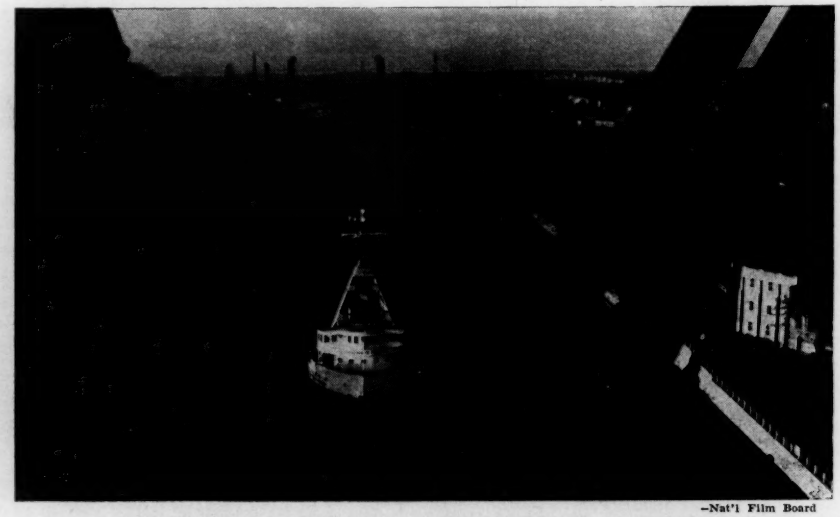
Margins on this order might be eliminated by reductions in railroad rates.

The weather problem will discourage some businessmen from shipping via Seaway. They may not want to use one route eight months of the year and another during the four months the Seaway will be icebound.

The time factor will discourage others, experts say. The Seaway, with its locks and canals, may add a week or more to delivery times. Businesses relying on it might have to build up larger inventories, and that represents an added cost.

Thus, progress as a result of the Seaway is expected to be gradual, something of a competitive battle. Initially, steel producers, farmers and some food processors are expected to get the chief benefits. A build-up of other industry will take longer. In time, Canadian officials say, shipments of "general cargo" through the Seaway could rise to 15 million tons a year.

Even then, ports on the Lakes would be small sisters of the great seacoast harbors.



–Nat'l Film Board

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This is a good thing to remember when you hear people say that the federal government ought to build more electric power plants. That is unnecessary—and a waste of tax dollars. In addition, government-built power plants present the threat of a socialistic U. S. A.

Last year Americans used almost 475 billion kilowatt-hours of electricity and had an ample margin in reserve. That's about 45% of all the world's total. By 1965 the nation will use twice as much. The electric companies are spending about $3 billion a year for new plants and facilities so you'll always have plenty of electricity.

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ARE STRIKES PAYING OFF IN '55?

The Record in Rail, Phone, Other Disputes

Long strikes are no novelty this year. This season is still young, but walkouts lasting a month and longer are not uncommon.

Does this mean that workers are finding it pays to hold out against quick settlements?

It now is possible to size up the results of some recent strikes that turned out to be hard to settle.

Two strikes in the South that kept workers away from their jobs for two months and more now are ended. In the North, a month-long strike at Lake Success, N. Y., is just over. Other strikes of a month or more in duration recently have been settled in the Midwest and other parts of the country. All fall in the category of what labor mediators consider long strikes.

Now that they are settled, this question is being asked:

What did the unions get by striking that they could not have had without strikes?

Answers can be found in the following analysis of some recent strikes that dragged on longer than usual.

A 72-day strike. On March 14, employes of the Southern Bell Telephone & Telegraph Company left their jobs in a dispute over a no-strike pledge and other issues involved in a new contract.

The company demanded that the contract include a union pledge to avoid work stoppages during the contract's life.

The CIO Communications Workers Union said it would not sign such a pledge unless the company agreed to broaden arbitration clauses to cover all types of grievance disputes that might arise during the new-contract period.

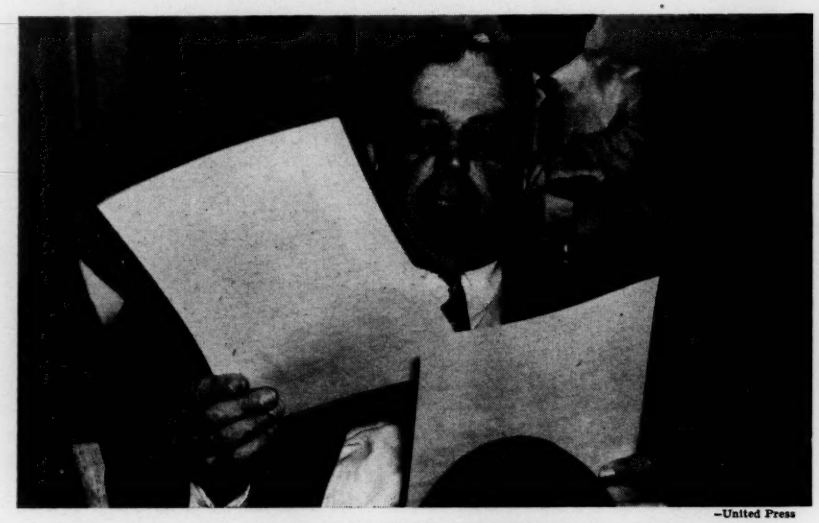
Wage increases ranging from $1 to $4 a week were offered by the company before the walkout began. Recently hired employes were not included in this offer.

On May 20, a settlement was reached, workers returning May 25. Each side claimed it had won some concessions from the other during final negotiations.

The company declared that it had won on the issue of the no-strike pledge, and the union did not get the type of arbitration it had demanded.

The union claimed that the no-strike clause is not as broad as the original one sought by the company. Union president Joseph A. Beirne said the company had insisted on a pledge that would have permitted the company to punish union members who declined to cross a picket line set up by another branch of their union.

The union termed the arbitration clause "satisfactory," although its language did not go as far as originally requested by the union negotiators. The union also claimed that the wage portion of the agreement was broadened to include raises for newer employes.



—United Press

RAIL UNIONS' G. E. LEIGHTY
. . . a neutral referee settled the dispute

A two-month strike. On the same day that the telephone workers walked out, nonoperating employes struck against the Louisville & Nashville Railroad Company. The strike affected rail traffic in 13 States. As in the telephone strike, there was violence.

The rail strike started because the company and 10 unions could not agree on a health-insurance program. The unions wanted L&N to accept the same insurance plan that other major railroads had signed up for in earlier negotiations with these unions.

The union plan required that each of the railroad's employes pay $3.40 a month for the health insurance, with the company paying an equal amount.

L&N took the position that it would not force its employes to come under a compulsory plan of this sort, would not compel them to contribute toward insurance that they might not want. Instead, the railroad arranged for its own insurance program, giving workers a chance to join on a voluntary basis. Those who joined were each to pay $1.85 a month, with the company paying $3.40.

When the settlement came on May 20, the union got the company's signature on a health-insurance plan financed entirely by the company. This will cost the company $5.95 a month per employe.

Terms of the settlement were ordered by a referee. The L&N and the unions headed by G. E. Leighty had agreed a week earlier to submit unsettled issues to a neutral outsider empowered to issue a binding decision.

The company will be paying more for the insurance than it would have had it signed up before the strike. But the railroad said it "is pleased that the arbitrator did not require the L&N to become an instrument of compulsion and force the L&N employes to surrender a part of their wages for insurance."

(Continued on page 94)

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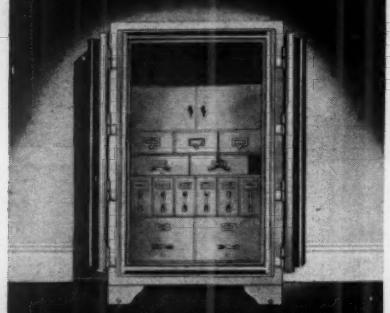

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TO A YOUNG MAN WHO WANTS TO EARN $10,000

Advice from The Wall Street Journal

A few years ago an annual income of $5,000 was a reasonable goal for a young man. Today, with increased taxes and higher living costs, you need $10,000 a year to buy what $5,000 used to buy.

This change in values is only one of many changes taking place in America. New inventions, new industries and new ways of doing business are creating new opportunities for young men who want to increase their incomes.

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Strikers at Sperry turned down three-year contract, accepted two-year one providing higher raises . . .

The company also won the right to set up a separate insurance program, outside of the national program of the unions and other railroads.

A 35-day strike. At Lake Success, N. Y., workers walked out of a plant of Sperry Gyroscope Company on April 18 in a dispute over wages and other provisions involved in a new agreement.

Before the strike, the CIO Electrical Workers were asking for a pay raise of 18 cents an hour and for other contract changes.

The company's prestrike offer called for three annual pay raises of 4 cents an hour each, with a contract to run for three years.

After a strike marked by violence, an agreement was reached and strikers returned to their jobs on May 23. The agreement called for an immediate raise of 8 cents an hour, plus an added increase of 5.3 cents next year, in a two-year contract. It also provided that a pension plan now financed jointly by workers and the company become a company-financed plan.

Company and union agreed that 2 cents of this year's 8-cent raise be applied toward the insurance costs, with a reduction of the amount to be paid by the individual worker. Part of next year's raise also may be applied in this way.

Union officials say that the agreement to abolish employe payments for the pension plan also is a gain won through the strike, and that other gains were made in nonwage provisions of the contract. The company declared no significant changes were made.

A month-long strike. In Milwaukee, on April 7, workers went out on strike at the Evinrude Motors plant of the Outboard Motors Manufacturing Company.

The union, the CIO Steelworkers, demanded a pay raise of 15 cents an hour. There also were issues not involving wages.

The company offered raises of 8 to 10 cents an hour for day-rate workers; of 3.5 cents in the base rate for incentive workers, and of 8 cents an hour for pieceworkers.

On May 7, an agreement ended the strike. The union found that for the day-worker group, it had gotten slightly more than management's prestrike offers, the raises ranging from 10 to 11.5 cents an hour. Other workers are to get the prestrike offers.

Another one-month strike. On April 15, textile workers struck at Continental Mills, in Lewiston, Me., over wages and other issues.

The company had notified the union that it would not renew the old contract without some changes in various sections. The union sought a wage increase.

On May 16, the strike ended with an agreement continuing the old wage rates without change and providing that, if other cotton-textile mills, now on strike, are able to force the union to reduce wage rates, the same reductions will take effect at Continental. The company said it obtained some revisions of other contract provisions.

—Harris & Ewing

TELEPHONE WORKERS' JOSEPH A. BEIRNE
Each side claimed it had won concessions

Ford's Answer To Annual Wage

When the Ford Motor Company made its "package" offer to the CIO United Auto Workers last week, there was no mention by the company of the union's demand for a guaranteed annual wage. But the Ford offer contained three proposals that other employers viewed as mild concessions to the union in its fight to reduce what it calls the "insecurity of unemployment."

These proposals involved a plan for lending money to laid-off workers, a severance-pay plan and a stock-purchase plan that would enable employes to buy into the Ford Motor Company with Ford paying half the cost.

Here are the details:

- The loan plan would permit a Ford employe to borrow money from the company, free of interest, when laid off temporarily. The size of the loan would depend on various factors, such as the worker's base pay.

A loan would be repaid only after a worker returned to his job and was working more than 32 hours a week. Half of his pay above the 32 hours' earnings would be used to repay the loan. The loan would be canceled if the worker died or retired or if the loan could not be repaid from earnings within three years.

- The severance-pay proposal would give a Ford worker a chance at a lump-sum settlement if laid off permanently through no fault of his own, as in the closing of a plant or permanent cutback in the work force. He then could choose between keeping his seniority, pension credits and other rights, and take a chance on a job recall, or he could take the severance pay.

Amount of severance pay would be based on 40 hours of pay for each year of service through 8 years. For years beyond 8, the severance allowance would be 80 hours of pay for each year of service, to a maximum of 30 years.

- The stock-buying proposal would permit employes to acquire Ford stock at half the market price when the stock, later this year, is offered to the public. The company would pay the other half under an investment plan. Workers would be allowed to invest any sum up to 10 per cent of their gross pay.

- The Ford offer, based on a 5-year contract, also included annual pay raises ranging from 5 cents an hour to 8 cents; continuation of the cost-of-living allowances; extra raises of 5 to 10 cents for skilled workers; and additional fringe improvements.

The auto union's immediate response to the offer was a flat rejection.

"You mean live fish?"

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A customer of ours uses this unique bag-in-a-box-in-a-box to ship live tropical fish all over the world. Says it's the most damage-proof and economical package he's used in 32 years as an aquariist.

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Interview with DR. MAX YERGAN

American Negro Authority on Africa

WHY THERE'S NO COLORED BLOC

Did the U. S. gain or lose as a result of the recent Conference of African and Asian nations at Bandung, Indonesia?

Dr. Max Yergan, a leader among American Negroes and a recognized authority on African affairs, went to the Conference on his own to observe at first hand the attitude toward the U. S. of the leaders of the nonwhite nations represented there.

In the issue of April 29, 1955, *U. S. News & World Report* published an interview with another prominent U. S. Negro—Representative Adam Clayton Powell, Jr. (Dem.), of New York, also an observer at Bandung.

In the following interview with *U. S. News & World Report*, Dr. Yergan gives his conclusions—and finds some fault with activities of Representative Powell at the Conference.

Q As an American Negro, Dr. Yergan, do you feel after the Asian-African Conference at Bandung that color is enough to bind the nonwhite nations together in a bloc?

A I certainly do not think so; quite the contrary. I think the Conference proved the accidental and superficial importance of color. President Soekarno of Indonesia and some of the other speakers suggested that Asia and Africa could be united on the basis of color. But Asia and Africa did not unite at the Conference. When it came down to fundamental issues, each delegation looked at the problem from the viewpoint of national interest, and this was a conference very largely of colored peoples.

Q Then you do not see a possibility of a nonwhite bloc emerging from the Bandung Conference?

A I do not, and that represents another defeat for Chou En-lai [Premier of Communist China]. A nonwhite bloc would have been made to order for the Communists.

Q Did the fact that you are a Negro make you more acceptable as an American at Bandung?

A No, I don't think so. It may have been as much a liability as an asset. Being a Negro doesn't make you any more or less acceptable as an American to the people of Asia and Africa—for individuals, like issues, are considered on their own merits.

Q Congressman Adam Clayton Powell, Jr., of New York, was quite active in Bandung during the Conference. He held several press conferences, met with numerous delegates and issued a number of statements. In your opinion, was his presence useful to the United States?

A I do not think it served a useful purpose.

Q Why not?

A The statements he made at a press conference concerning the racial question in the United States were unbalanced, and left doubts in the minds of many people. His picture of the position of the Negro in America was too rosy.

It doesn't help our cause in Asia to gloss over the fact that, while tremendous progress has been made toward solving the Negro problem in America, there still are enormous obstacles to be overcome. And the American people don't want to hide these difficulties. They know they will be overcome.

I believe Congressman Powell did a disservice to his country by his attacks on the State Department in connection with its attitude toward the Afro-Asian Conference. I also think he was mistaken in his statement that American aid should be given with no strings attached.

Q On balance, do you think the United States gained or lost as a result of the Bandung Conference?

A I think the balance is close, but on the whole the United States has gained. Even at the beginning of the Conference there was a strong prodemocratic sentiment and conviction. This was ably expressed by [Carlos P.] Romulo of the Philippines and leaders of the Turkish and Iraqi delegations. To these voices, the convictions of Ceylon, Pakistan, Liberia, Lebanon and the Sudan were added. They all stated strongly that Communist imperialism should be recognized and condemned along with remnants of Western imperialism.

Q Did you hear much criticism of United States policy in your talks with the delegations?

A Yes, I heard some criticism of American policy. One thing that was criticized was that the United States gives the impression that she sides with the Western colonial powers. But I have noticed that those who criticize us on this score never seem to criticize Russia for its brand of colonialism.

Q What countries did you find particularly critical of the United States?

A It seems to me that India has taken this view. I also heard it expressed among the members of the Indonesian delegation.

Q Was it your feeling that the Indonesians had strong

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Asians and Africans Put National Interests Ahead of Color . . . Reds' Colonialism Is Feared . . . Gratitude for American Aid

feelings about this, or were they simply following the lead of India's Prime Minister Nehru?

A Certainly Nehru's ideas have influenced the people in Indonesia, but they themselves have strong feelings about what they regard as American support of Western colonialism.

Q What other criticism of the U. S. did you hear? Is U. S. support of colonialism the only thing about American policy you heard criticized?

A No, I also heard criticism of American policy in the Formosa area. The people at the Conference seemed particularly fearful that Matsu and Quemoy might bring war to that part of the world.

Q Did any of the delegates have anything good to say about American policy?

A Yes. In talking to members of two or three Asian and most African delegations, I heard glowing praise of America's generosity and the sincerity of American interest in helping the peoples of Asia improve their lot.

Q But did you find much feeling that America puts too much emphasis on military aid or attaches too many strings to economic aid?

A I didn't hear any particular comments on that from any delegates, but my own feeling is that we have the right and duty to attach plenty of strings to the aid that we give. We should make sure that any aid we give cannot help the Communists. We certainly should avoid any repetition of what happened in China when so much of the equipment we gave to the Nationalists ended up in Communist hands. And as for military aid, after all, the United States has a very great strategic interest in that part of the world. You must remember that there are nations who do want to defend themselves against Communist aggression, and it is to our strategic interest to help them do so.

—USN&WR Photo

DR. MAX YERGAN

Q Did you encounter any feeling that the United States is too belligerent against the Communists, not only in the Formosa Strait but in other parts of Asia as well?

A No. On the contrary, most of those I talked to believe America has demonstrated wisdom and patience in dealing with the Communists in Asia and Africa. This certainly was true of the delegations from Africa, Lebanon and Ceylon. However, I did meet a number of delegates, particularly Asians, who felt America relies too much on military power in the fight against Communism.

Q What about Communist China at the Conference? Did the Chinese Communists gain or lose?

A I think they both gained and lost. On the plus side, they had an opportunity to advertise their alleged achievements before a great gathering of Africans and Asians. They also may have secured a new channel for infiltration and subversion. This would especially be true if any sort of continuing organization should grow out of the Conference.

On the minus side, the Chinese Communists failed to build a permanent Afro-Asian bloc which would be basically anti-American. As a matter of fact, if anything the Bandung Conference demonstrated there is no such thing as an Afro-Asian bloc. Another loss for Communist China was the emergence at the Conference of unexpected and strong support for prodemocratic ideas.

Q What do you think was the tie-up, if any, between Nehru and Chou at the Conference? Do you think Nehru was a front man for Chou?

A This is something that has puzzled me. I think that at home Nehru supports democracy and is against Communism. At Bandung he was relatively quiet. But when he was silent he helped Chou, and when he spoke he helped Chou. For instance the Ceylon delegate [Sir John Kotelawala] wanted to condemn all colonialism, including Communist colonialism. On one of the few occasions when Nehru spoke, he opposed this. Any way you look at it, Nehru may not be pro-Communist at heart, but he certainly helped Chou at Bandung.

Q Did Nehru gain or lose in the eyes of other delegations by supporting Chou?

A I think he lost. There's no doubt his prestige suffered. He alienated Sir John Kotelawala, Ceylon's Prime Minister, and the Ceylonese delegation by his brusque and contemptuous attitude toward the proposals advanced by Kotelawala.

Q Did this surprise you?

A It certainly did. When I was in India several years ago he impressed me as a great statesman. Now I am beginning to wonder.

Q Do you see any danger that, as a result of the rebuffs he suffered at Bandung, Nehru might move closer to Chou?

A I can only express an opinion, which at best is a guess. Every man needs allies. Nehru has lost some who appeared to be with him. So there is a danger that Nehru might move closer to Chou. I hope this doesn't prove true, since it would be a serious loss for America. After all, a democratic India is important for the free world. In this sense, we need India.

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We've Been Asked:—

HOW PAY-TO-SEE TV WOULD WORK

- **Latest TV argument is over whether viewers must pay for some programs.**
- **FCC is being urged to—and not to—approve this new development in telecasting.**

What, exactly, is the pay-as-you-see TV now being talked about?

It's a plan to charge television viewers for some of the programs they watch. Other programs would be "free," as now. The plan is known variously as pay-as-you-see television, or fee, toll, subscription or box-office TV.

Why should you have to pay for what you now get free?

Supporters of the new system say that the plan would offer TV viewers chances to see many and better programs not now available. They mention, among other things, new and first-rate movies, Broadway hit shows, opera, ballet, sports events not now televised to homes. Supporters foresee wider use of TV and more stations. They point to surveys showing that a majority of persons questioned said they would be willing to pay for special programs.

What do opponents of the plan say?

Opponents of the plan express fears that pay TV will take over too much of the televising industry, will crowd out "free" shows; that many present popular programs will immediately switch to fees; that many sports events, including the World Series, will go on a toll basis. Other arguments are that low-income groups could not afford to see the best shows, and that many shut-ins and hospital patients could not pay to watch. In other words, they say, many programs now seen without cost would be available only for cash.

How would the system work?

Three separate companies have devices, all involving the general principle of "scrambling" the pictures and sound of certain telecasts so that they cannot be received without special unscrambling or decoding apparatus. To clear up the telecast on his receiving set, a subscriber would have to pay a fee.

The companies with such decoding devices are Zenith Radio Corporation, which developed the Phonevision system; Skiatron TV, Inc., with the Subscriber-Vision method, and International Tele-

meter Corporation, with Telemeter. The Zenith system uses an apparatus, about the size of a small portable radio, that is attached to the rear of present sets.

How would subscribers pay?
Several ways are proposed. One involves sale of punch cards to subscribers by mail or through coin machines in stores. These cards would be needed to bring in clear pictures and sound on individual receiving sets. The cards would record the number of pay programs received on each set. Payments would be collected each month. Another method would involve coin boxes attached to the sets. Under this plan, all you would have to do would be to deposit one or more coins—the cost of a TV show—to straighten out the telecast. This actually is pay-as-you-watch, with no future payments.

What's the status of this fee TV?
At present, the Federal Communications Commission has before it petitions to approve the new system. FCC has asked all interested persons to send in suggestions by June 9. Later, it will decide whether to hold public hearings. It also must decide what its powers are in this situation, and whether it has authority to regulate rates, as in the case of telephone and telegraph rates.

How much would the decoding apparatus cost?
That has not been determined definitely, though producers of the TV attachment say that it would not be expensive. Owners of TV receiving sets may be able to lease the decoding devices.

How much would individual shows cost?
That would vary. One producer of the device suggests a possible range of from 10 cents to $2 for programs. One baseball club thinks 50 cents should be the price of major-league games.

Couldn't some people get these programs without paying?
Manufacturers of the devices say that would be most difficult, but not impossible for an expert on electronics. One manufacturer explains it as follows: Each set would, in effect, have an individual combination lock on it; a special "key" would be needed to unlock the scramble on each set. Your key—or decoding information—would not work on your neighbor's set.

Would the system work for color?
Yes. The system is designed for all kinds of telecasts.

Would there still be commercials?
The idea is to eliminate advertising on programs for which the public pays. There still would be commercials, however, on programs paid for by sponsors.

You Can Work On A Pullman If You Want To ... *But I Just Relax!*

"That's one of the beauties of traveling by Pullman. It's not only the finest, safest, surest, most comfortable and dependable form of transportation—it's a *hotel on wheels!*

"If you've work to do, you can get it done—fast, *without interruption*—in the privacy of your room. If you're looking for an overnight vacation, you can stretch your legs, enjoy good company over a delicious, hot, freshly-cooked dinner—or your favorite refreshment in the club car! And forget business—*completely!*

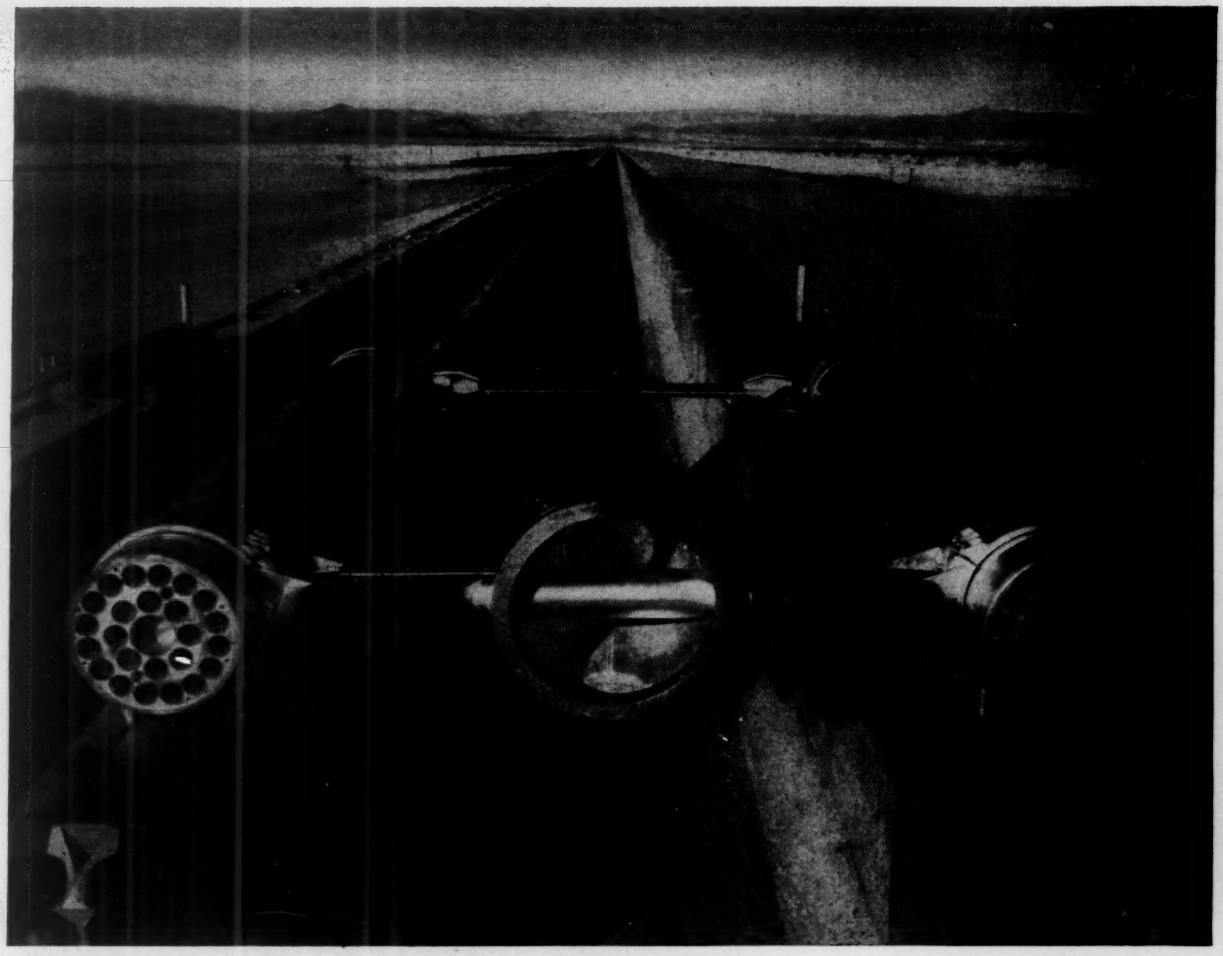
"Me? I just *relax!* I don't know anywhere that I can shed tension and worry better than in a Pullman. I figure that's important to me—and my job and family. Next day, I'm ready for work *refreshed and rested!* Believe me, I've said good-bye to highway traffic hazards and weather worries for good!"

Don't worry about highway traffic hazards, or weather! Your Pullman leaves from the heart of town—arrives in the heart of town, *on time!* With a "rent-a-car" reserved for you, if you wish.

Sleep your cares away! That generous, sleep-inviting, snow-white bed is reserved for you! As comfortable as your own bed at home.

You're safe and sure when you travel by **Pullman**

© 1955, The Pullman Company



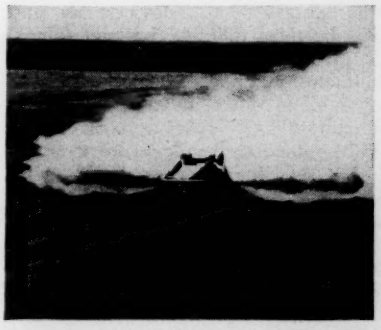
They fly this track at 2100 mph

Except for the absence of crossties it looks just like a very neatly aligned standard-gage railroad track. But no trains ever use it. The traffic it carries flies rather than rolls, moving over the 4.1-mile-long track not on wheels but on runners. Speeds are as high as 2100 miles an hour — roughly three times the speed of sound.

It's the Supersonic Naval Ordnance Research Track, called Snort for short, located in a flat stretch of California desert country. Snort, strictly a product of the jet-propelled, guided-missile, supersonic age, is used for captive-flight testing at extreme speeds of devices used in national defense.

The device to be tested is mounted on a jet-propelled carriage, riding on metal shoes. Acceleration, velocity, trajectory and the like are measured by means of a vast array of precision instruments, including streak cameras. An ingenious water brake begins slowing down the test flights from their supersonic speeds as far as two miles ahead of the end of the line. Among the many items already tested are projectiles, rockets, guided missiles, and model and full-scale airplanes and their components.

As would be expected, building to meet the speeds and stresses to which this test track is subjected called for the strength and ruggedness of steel. The steel rails, unusually large and heavy, were rolled on Bethlehem Steel mills. Bethlehem's West Coast subsidiary, Bethlehem Pacific Coast Steel Corporation, supplied the special steel rail-anchoring units, also the steel reinforcing bars for the concrete foundations which support the track for its entire length.



Slowed down by ingenious water brake, rocket-propelled test carriage nears end of Snort track.

BETHLEHEM STEEL

BETHLEHEM STEEL

Trend of American Business®

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Washington, D. C.

Big question now: What's the Federal Reserve Board to do about credit?

Treasury will have to go into the market for funds in July and August.

Private business is entering a period when use of credit usually rises.

Credit supply can be enlarged easily by the Federal Reserve Board either: (1) by increasing bank reserves through purchase of Government securities, or (2) by lowering reserve requirements of banks, or by doing both. These actions will give banks more money to loan.

Problem is that more bank credit will feed the boom. Reserve officials have shown that they don't want to feed it much more. They have allowed credit conditions to tighten; they have raised discount rates charged when banks borrow from the Federal Reserve; they have raised margin requirements on stocks.

Moves that can be made by the money managers include these:

Foster competition between the Treasury and private borrowers. Result of this course would be a rise in interest rates, a tightening of credit.

Issue a long-term Treasury bond. This would tend to withdraw investment money away from the mortgage market, other capital markets.

Supply just enough additional credit to meet Treasury requirements.

Increase the credit supply to meet both Government and business needs.

Aim of Reserve policy is to keep the boom going without permitting it to go to extremes. That's not an easy task at the present time.

Prevailing opinion among bankers is that Reserve officials will add to the credit supply during the second half of the year.

Reason for this opinion is that, if credit becomes too tight, the boom may be nipped. Also, more credit is normally needed in the autumn months to move crops to market, to finance inventories for the Christmas trade.

Federal Reserve policy over the past several years has been to make some additions to the credit supply during the second half.

General expectation, however, is that Reserve authorities will move with caution. Most bankers are counting on slightly higher interest rates in the months ahead and some tightening in the amount of mortgage money available.

Business upsurge, meanwhile, continues to gather momentum.

The expansion in general activity that was evident in the first three months of 1955 is extending into the present quarter. That is the finding of the Commerce Department, which keeps tab on such trends.

Higher investment demand now is adding to strong consumer demand to push activity higher. That's shown in larger orders for industrial equipment, a further rise in construction, a moderate tendency to add to inventories.

(over)

Written for the issue of June 3, 1955, Volume XXXVIII—No. 22
U. S. NEWS & WORLD REPORT

Along with rising production is coming a rise in people's incomes. The Commerce Department notes that this rising income "is being freely spent."

"Business is good and May is a banner month." That's the finding of the National Association of Purchasing Agents. It confirms Commerce Department.

Production gains over April are reported by 52 per cent of these buyers.

New orders are reported to be running ahead of April by 54 per cent.

Optimism prevails for the future. A third of the purchasing executives expect the second half of 1955 to be better than the first half. That marks a considerable change over a few months ago.

Persistence of the housing boom has prompted two official studies--one by the staff of the Federal Reserve Board, another by Commerce Department.

Both studies agree on these boom-supporting influences:

A broad demand for bigger and better houses.

Easy credit terms and an abundant supply of mortgage money.

Rising income and general economic stability.

Federal Reserve study finds that the number of new houses coming on the market this spring and summer will be the largest on record. It also is noted that so far this year houses are selling well and at relatively stable prices.

Commerce Department points out that the movement of families from one area to another adds to total housing demand, and that the movement from farm to city areas leaves a considerable number of vacant farm dwellings.

When it comes to gauging the future market, the Federal Reserve points to these elements of strength:

Inferior quality of a large part of the existing supply of houses.

Desire for home ownership, and for suburban living.

Probable continuation of high family incomes.

Continued high supply of mortgage funds.

These influences are expected by some to keep home building high.

The study also points to some weaknesses, among them:

Decline in the forming of new households, because of fewer marriages.

Relatively fixed home-ownership costs.

Tendency of home owners to regard mortgage payments as rent.

Analysts who stress the weaknesses believe that as home building exceeds family formation, vacancies will rise, rents fall, and more people will prefer to rent rather than to buy houses.

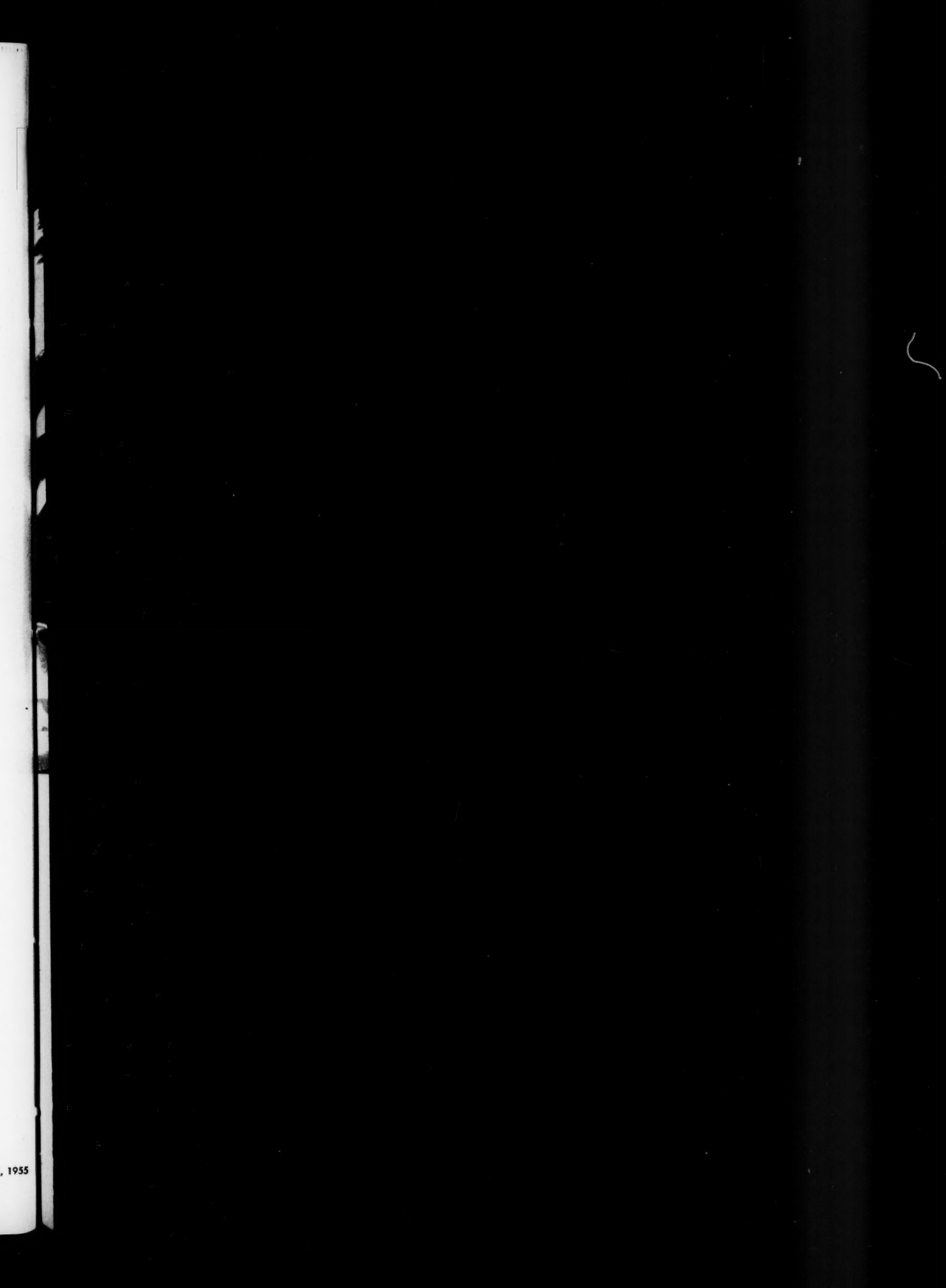
The Reserve study itself makes no judgment of these conflicting views. You can weigh them yourself and make your choice.

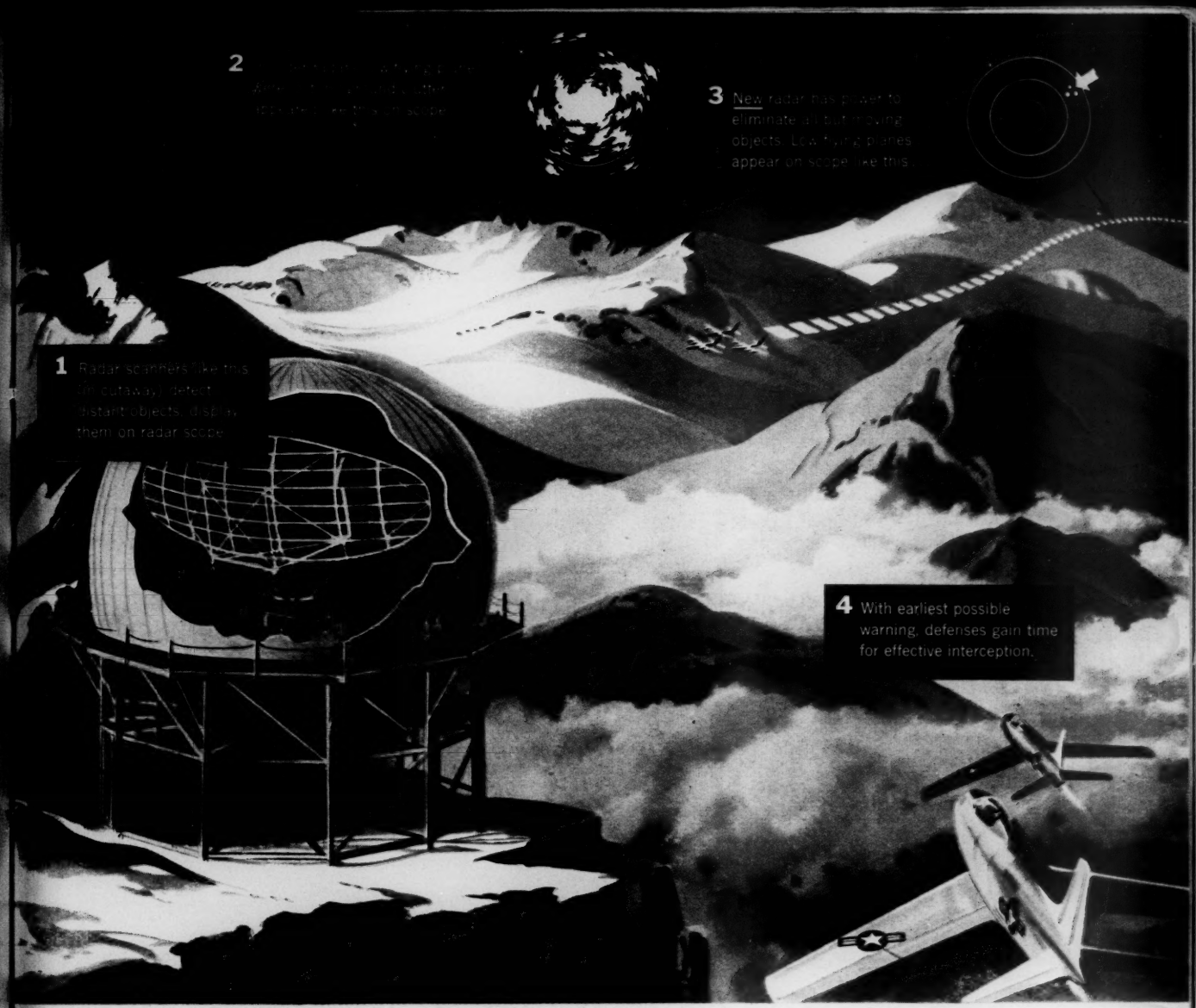
Construction outlook may still be bright, whatever happens to housing.

Public-works requirements, nonfederal, for the 10 years ahead are put at 200 billion dollars in a survey made by the Commerce Department.

Annual outlay recommended is 20 billions, against 8.6 billions actually made for nonfederal public works in 1954. It probably will not be reached.

This is for roads, schools, hospitals, water and sewer systems.




2
3 New radar has power to eliminate all but moving objects. Low-flying planes appear on scope like this.
1 Radar scanners like this can cutaway detect distant objects, display them on radar scope.
4 With earliest possible warning, defenses gain time for effective interception.

NEW POWER SOURCE TIGHTENS RADAR DEFENSES

Million-Watt Klystrons Aid Detection of Distant, Low-Flying Planes

THE STORY BEHIND THE STORY:

What is the significance of the headline above? To borrow from an old baseball expression, *"You can't hit 'em if you can't see 'em"*— approaching planes that formerly evaded radar detection can now be "seen" at greater distances than ever before.

■ Behind this improved radar vision is a new family of high power tubes known as Megawatt Klystrons. These new tubes not only provide greater ability for beaming radar impulses against small and distant objects, but provide a new improvement to a technique known as M.T.I. or Moving Target Indication. In radars without M.T.I. everything within the beam of the radar appears on the viewing scope. Images from trees, terrain, buildings, all combine to form "ground clutter" on the scope. M.T.I. eliminates this "ground clutter" by indicating moving objects only. Therefore with Megawatt Klystrons, approaching aircraft can be spotted sooner and defenses can be alerted more quickly.

■ Producing millions of watts of electronic power, these giant tubes make possible illumination of small objects with radar impulses at greater distances to provide clear, sharp images on the radar scope. Furthermore, the Megawatt Klystron's stable performance and long life assure that these radar sentries are constantly on guard.

■ The Klystron tube made microwave radar possible. Developed by Sperry, it generates, amplifies or multiplies microwaves. Today, Sperry produces Klystrons covering a wide range of powers and frequencies for specific requirements — both military and industrial. To meet demands for these tubes, a new plant has just been opened devoted exclusively to Klystron research and production.

SPERRY GYROSCOPE COMPANY

DIVISION OF THE SPERRY CORPORATION • GREAT NECK, N.Y.

WHO WOULD GET THE 5 BILLIONS?

Tax Cut Seems Set—but Dividing It Isn't

With a year to go, politicians in Congress already are warming up for a rousing battle over major tax relief in 1956.

The question: Who gets the major share—the big number of taxpayers with the small tax load, or the small number of taxpayers with the big load?

Tax relief amounting to something like 5 billion dollars now is being promised for next year.

The figure, actually, is far from settled, since it means continued deficits in the federal budget. Already, however, the tax-law writers of both political parties in Congress are arguing about how to divide a 5-billion-dollar grant of tax relief.

In the plans that have been put forward, taxpayers now can see how they may fare, depending on which party and which plan prevails.

The Republican plan. The tax-reduction program offered by Representative Noah M. Mason (Rep.), of Illinois, a member of the tax-writing House Ways and Means Committee, calls for these reductions:

- A flat 10 per cent cut in taxes on individual incomes.
- A reduction in the tax on corporation profits from 52 per cent now to 50 per cent.
- Reduction of all excise taxes to pre-Korean-war levels.

If this plan prevails, individuals will get a tax cut of 3.2 billion dollars on their incomes. They would share precisely in proportion to the taxes they now are paying.

In addition, individuals would save a billion dollars on their purchases of automobiles, auto parts, gasoline, liquor and cigarettes.

Corporations would split a tax cut amounting to 800 million dollars in a year. This, of course, is far less than the tax relief already scheduled for corporations starting in April, 1956. As the law now stands, the rate is due to drop to 47 per cent next April.

That, roughly, is the way Republicans will divide 5 billions of tax relief if they follow Representative Mason's plan—a proposal that, in general, follows ideas of President Eisenhower's advisers about ways to reduce taxes.

Two Plans for Lowering Taxes

	Reductions Amounting to
PLAN PROPOSED BY REPUBLICANS—	
For individuals	
In taxes on income, a flat 10 per cent reduction	$3.2 billion
In excises, reductions to 1949 levels	$1 billion
For corporations	
In taxes on income, a 2-point cut in the rate	$ .8 billion
For all taxpayers together	$5 billion
PLAN PROPOSED BY DEMOCRATS—	
For individuals	
In income taxes, a $200 rise in each exemption, to $800	$4.5 billion
In excises, reductions to 1949 levels—except on liquor, cigarettes, gasoline	$ .5 billion
For corporations	
In taxes on income, no reduction	$0
For all taxpayers together	$5 billion

Democrats' plan. Though no detailed program has been brought out in public by Democrats, efforts already made and comments by party spokesmen in Congress indicate clearly the tax-cutting line that Democrats prefer to follow. It goes like this:

- A $200 increase in personal exemptions, to $800, for all taxpayers and their dependents—as proposed last year by Senator Walter George, of Georgia, influential chairman of the Finance Committee.
- Reduction to pre-Korean-war levels of all excises except those on liquor, gasoline and cigarettes.

If this plan takes effect, individuals will split a 4.5-billion-dollar cut in taxes on their incomes—an amount 40 per cent larger than offered by Republicans. Individuals would share largely in proportion to the number of dependents they claim.

In addition, individuals would save about half a billion dollars on purchases of many taxed products.

Corporations, for their part, would get no tax relief whatever

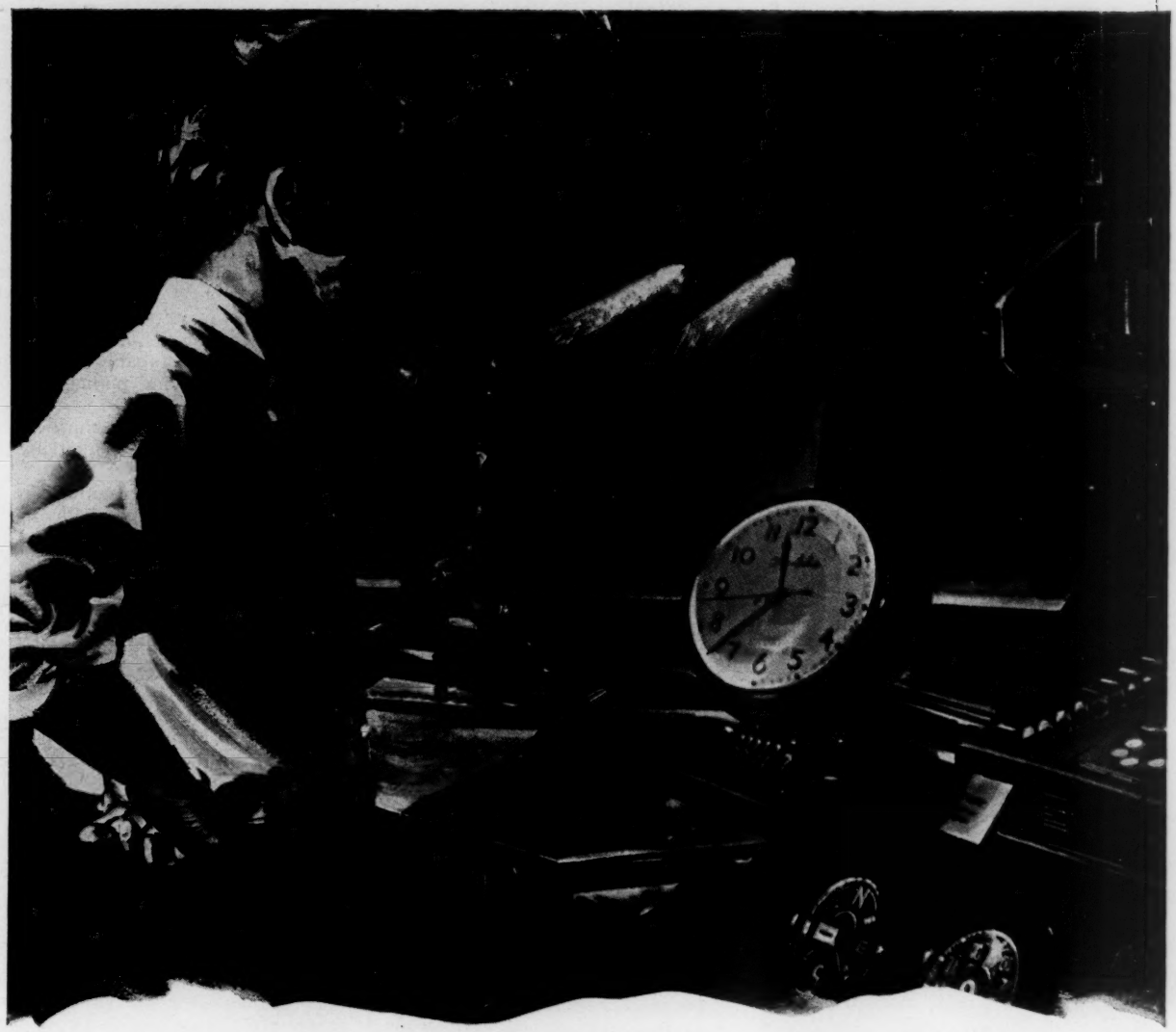
That is about the way Democrats would divide 5 billions in tax relief if they follow past efforts and present recommendations of their tax-writing members. Some Democrats want to repeal the tax relief given last summer to stockholders and to wipe out new rules that permit faster tax write-offs of investments. So far, however, these proposals are getting little support in Congress.

Behind the plans. Theory behind these tax-cutting ideas is something you are going to hear about in congressional battles a year from now and again in election campaigns later in 1956.

The Republican plan, its supporters say, is designed to return federal taxes gradually to 1949 levels. Tax increases enacted to finance war in Korea were along flat-percentage lines. So, say Republicans, reductions now should be of the same sort, "to get back where we started."

You see, in the table on this page, what is meant by this explanation. The Republican plan gives all individuals the same percentage cut, but biggest dollar reductions would be in upper brackets—where

(Continued on page 106)



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. . . Major '56 tax relief slated for individuals, not corporations

the biggest dollar increases have occurred since 1949.

Specifically, the Republican plan, if followed, means that upper-income taxpayers will be paying 1 to 3 per cent more than they did in 1949, and lower-income taxpayers will be paying 5 to 8 per cent more than in that year.

Those results contrast sharply with what the Democrats are trying to achieve. Under their plan, millions of low-income taxpayers would be relieved of all responsibility for financing the Federal Government. All other low-income taxpayers would be left with smaller taxes than they were paying in 1949. And higher-income people would be left with taxes 4 to 12 per cent above 1949 levels.

This plan by Democrats, its supporters point out, would move taxes back toward levels prevailing in 1939—before low-income people were tapped for World War II funds. You can see, in the table, what is meant. Almost all of the relief proposed by Democrats would go to the large numbers of people with low to medium incomes.

Both parties, however, draw a forbidding line around corporations when they talk of returning to earlier tax levels. Even though the Republican plan provides some relief for corporations, most benefits are reserved for individuals.

Not all settled. One other question, not being discussed much in public, is: Where will the 5 billion dollars in relief come from? Federal revenues are running at higher levels than expected. Yet Government is to find itself with a small deficit in its regular budget for the year that ends in mid-1956. A tax cut of 5 billions probably means further deficits, extending perhaps beyond 1957.

President Eisenhower, thus, is expected to resist any such ambitious program of tax relief.

Already, however, tax cutters are beginning to counter that opposition.

The President himself, it's being pointed out, called for tax cuts last year, far ahead of any budget balance. Idea is that lower taxes mean bigger spending by consumers, more production, more industry expansion and, thus, higher incomes for people and bigger revenues for Government.

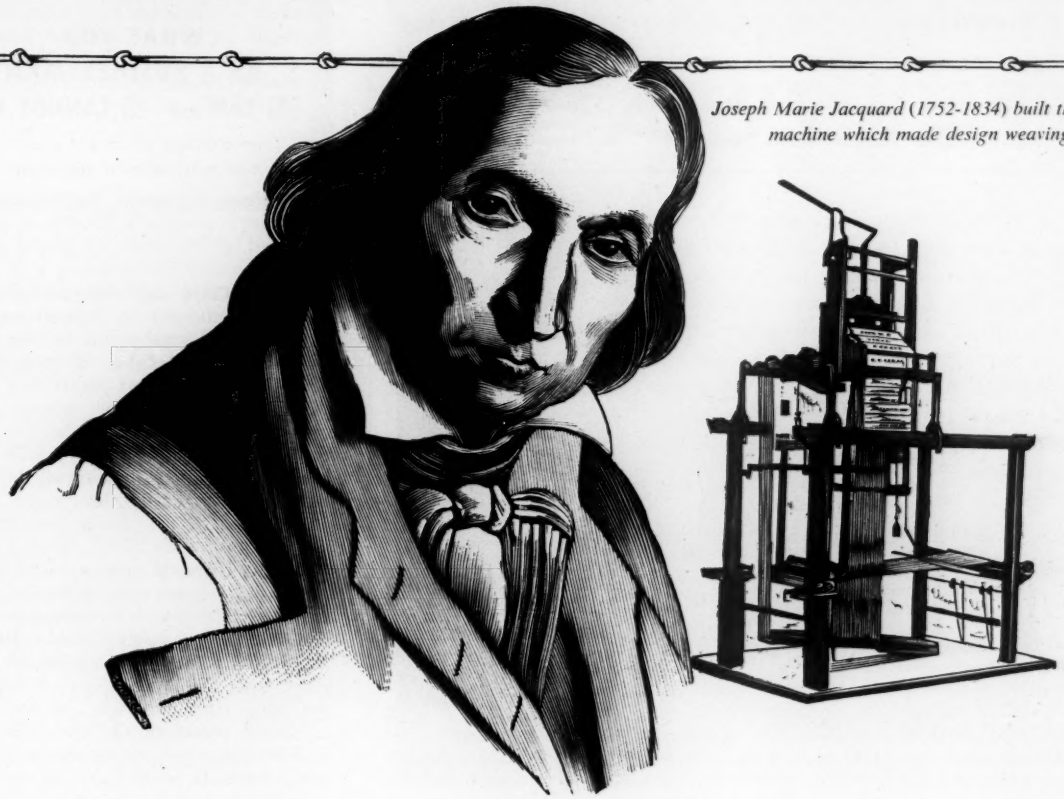
In the end, election-year pressures are counted on to bring big tax relief. The same pressures are expected to divert most of the relief to individuals who, unlike corporations, can vote.

Relief From Taxes—Who Gets What

If Your Net Income Is*	*Your Tax Now is*	*Tax Cut Under Democrats' Plan*	*Tax Cut Under Republicans' Plan*
	—SINGLE TAXPAYER—		
$ 2,000	$ 280	$ 40	$ 28
3,000	488	44	49
5,000	944	52	94
10,000	2,436	68	244
15,000	4,448	94	445
25,000	9,796	118	980
50,000	26,388	144	2,639
100,000	66,798	174	6,680
500,000	429,274	182	42,927
	—MARRIED COUPLE, TWO DEPENDENTS—		
3,000	120	120	12
5,000	520	160	52
10,000	1,592	176	159
15,000	2,900	232	290
25,000	6,268	304	627
50,000	18,884	472	1,888
100,000	51,912	576	5,191
500,000	402,456	728	40,246

*Income after deductions for charity, interest, etc., but before deductions for personal exemptions.

Note: Republican plan assumes a flat 10 per cent tax cut; Democratic plan assumes a rise in each exemption to $800, from $600 now.



Joseph Marie Jacquard (1752-1834) built the first machine which made design weaving practical.

HE DID THE "IMPOSSIBLE"...

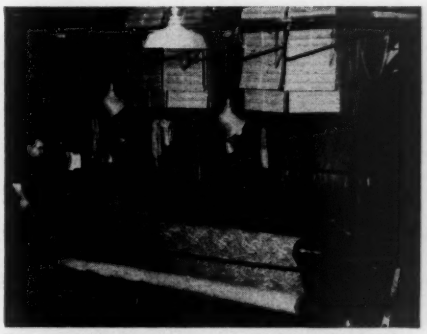
After Napoleon saw the first fabric produced by Joseph Jacquard's weaving device, he told the inventor, "You have done what the Almighty couldn't . . . tied a knot in a taut string."

Today the "impossible" is a science, and the Jacquard-patterned carpet and rug a thing of beauty, intricacy and lasting utility.

Helping to weave these modern wonders are alloy and stainless steels. Made with Vancoram ferro alloys, these steels have done much to bring new speed and efficiency to textile machinery as well as economy and ease of maintenance to textile process equipment.

Wear-resistant, chrome-vanadium rotary wheels, for example, automatically select and regulate a wide variety of raised and fancy stitches. Long wearing, non-snagging stainless steel is ideal for guides and whip rolls and other machine parts. Its high corrosion resistance prevents rust formation and contamination in vat linings, pipes and other process equipment . . . from preparation of stock to finished fabric.

Working with America's steelmakers to deliver finer, ever more versatile steels, Vanadium Corporation produces ferro alloys of chromium, vanadium, manganese, silicon, titanium and boron. VCA's modern Research Center is constantly seeking new materials and processes to help the steel industry . . . and its customers continue to do the "impossible."



Modern Jacquard loom—with its overhead design cards and hundreds of manipulating wires—can weave simple or intricate designs quickly and efficiently with alloy steels in vital operating parts.

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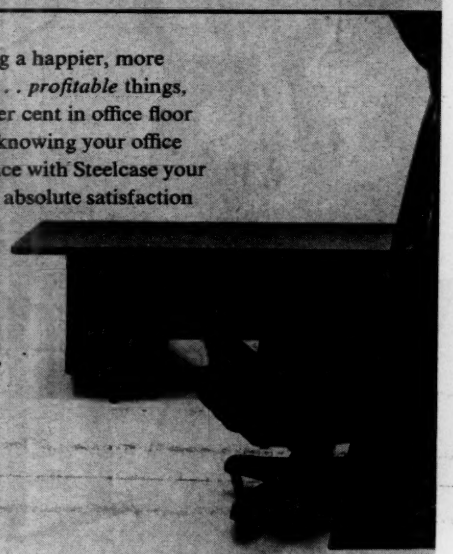

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NEWS-LINES

WHAT YOU AS A BUSINESSMAN ☑ CAN and ☒ CANNOT DO

as a result of recent court and administrative decisions

☑ **YOU CAN** sometimes avoid paying an income tax on ***patent royalties*** by giving all your rights in the royalty contract to a member of your family. The U. S. Tax Court holds that a taxpayer is not liable for income tax on royalty payments where he so assigns the contract. The royalty payments then become income of the assignee, who may be in a lower tax bracket.

* * *

☑ **YOU CAN,** as manager of a farmers' ***co-operative association,*** disregard the Taft-Hartley law for your grove workers. The National Labor Relations Board finds that such employes are exempt from the law, as agricultural workers, since they cultivate and harvest agricultural products. On the other hand, NLRB says an association's packing-house workers are covered by the Act.

* * *

☑ **YOU CAN** apply up to June 15 for a license to export ***copper-base alloy scrap*** to West Germany under the supplementary export quota recently established. This deadline is announced by the Commerce Department's Bureau of Foreign Commerce.

* * *

☑ **YOU CAN,** as a Government ***defense contractor*** whose employes have access to classified information, now obtain from the Defense Department copies of the revised loyalty form to be filled out by these employes. The revised Certificate of Nonaffiliation With Certain Organizations is Form DD48-1.

* * *

☑ **YOU CAN,** as a producer of ***cheese*** and related foods, now use new standards of identity for your products. The Food and Drug Administration established the new standards, effective May 31.

* * *

☑ **YOU CAN** disregard the manufacturers' ***excise tax*** on pencil air-pressure gauges that you produce. The Internal Revenue Service rules that these gauges, used by service-station operators in servicing tires, are not subject to the manufacturers' excise tax on auto parts and accessories.

☑ **YOU CAN** now get from your tax collector the final rules of the Internal Revenue Service relating to importation of distilled spirits, wines and beer. The new regulations on ***liquor imports*** include changes written into the Internal Revenue Code of 1954.

* * *

☒ **YOU CANNOT** expect the National Labor Relations Board to "police" statements made by a union or by an employer in a campaign connected with a ***collective-bargaining election.*** In dismissing a union's protest, the Board says that it does not normally police or censor propaganda used in plant elections.

* * *

☒ **YOU CANNOT** be sure of avoiding responsibility for the acts and statements of a committee of businessmen which tells your employes, on company time and property, that your plant may be moved if a union comes in. The Labor Board holds that such businessmen were, in effect, an employer's agents and interfered with the ***Taft-Hartley rights*** of the workers.

* * *

☒ **YOU CANNOT** legally sign a ***collective-bargaining contract*** with a union at a time when a rival union has pending before the Labor Board a petition seeking the right to represent your employes in bargaining. The Board decides that both the employer and the union violated the Taft-Hartley law by executing a contract at such a time.

* * *

☒ **YOU CANNOT,** as a producer of ***copper*** or copper-base alloy, count on reducing your set-asides for defense orders in the third quarter of this year. The Business and Defense Services Administration orders the same amount set aside for priorities as in the second quarter—108 million pounds.

* * *

☒ **YOU CANNOT,** as an employer, take an income tax deduction for the amounts that you deposit in a temporary fund pending the outcome of negotiations with a union over establishment of an ***employes' pension plan.*** The Internal Revenue Service rules that such deposits are not deductible as payments to a qualified pension plan.

Conclusions expressed in these paragraphs are based upon decisions and rulings of courts and Government bureaus. In making their decisions, courts and bureaus consider many facts which, for reasons of space, cannot be set forth in detail. U. S. NEWS & WORLD REPORT, *on written request, will refer interested readers to sources of this basic material.*

Clark Equipment moves mountains

. . . of freight by "Mobilvan"

The operator of this giant Ross® Carrier is handling 20,000 pounds of freight in a single unit load. He "straddles" the trailer truck and lowers the Clark "Mobilvan" onto the trailer where it automatically locks into position. The truck takes two "Mobilvans" to a rail terminal where they will be loaded on a flatcar by a big Clark lift-truck. At the destination, the "Mobilvans" can be set aside until their contents are needed—thereby conserving valuable warehouse space.

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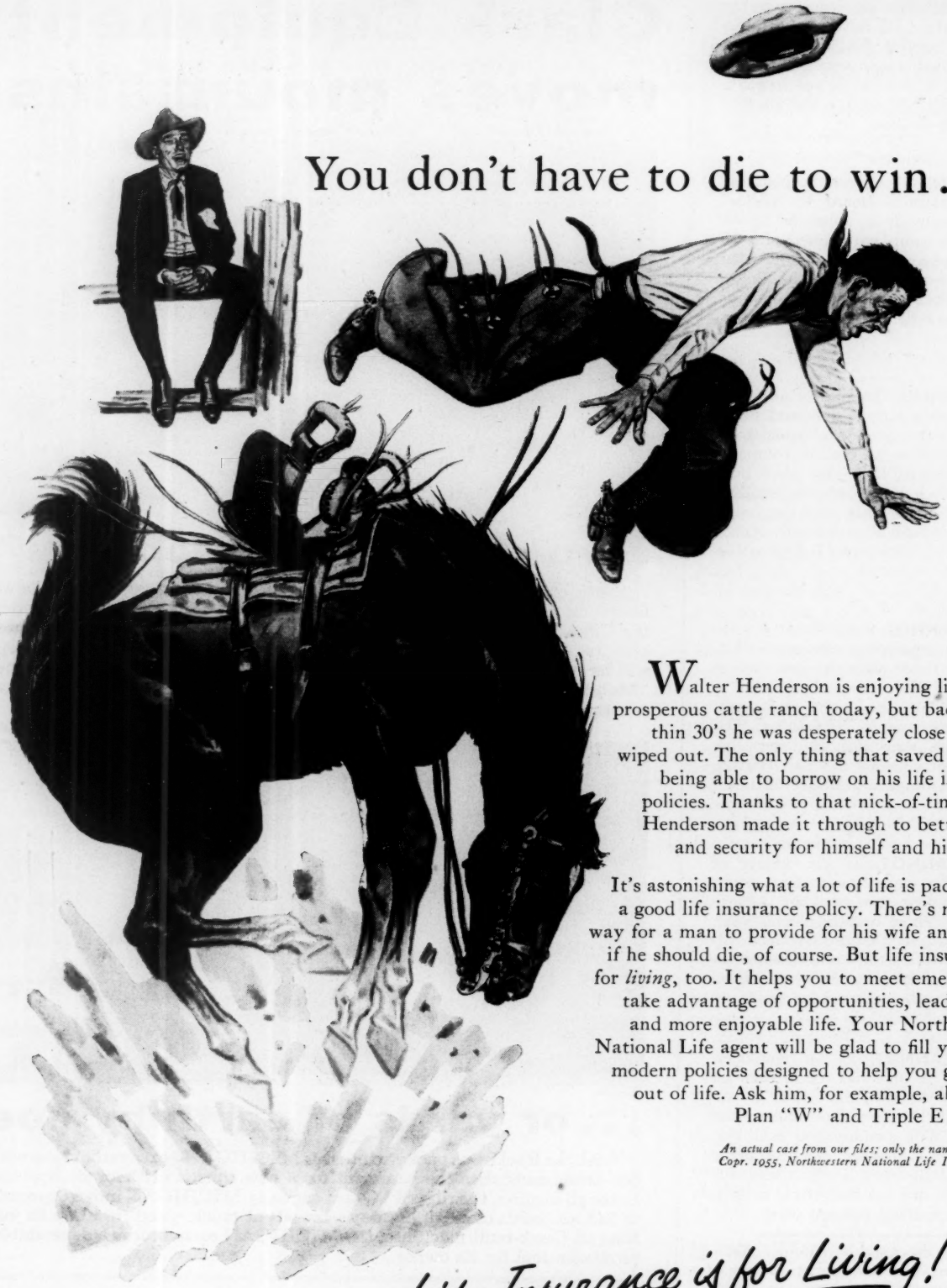


You don't have to die to win...

Walter Henderson is enjoying life on his prosperous cattle ranch today, but back in the thin 30's he was desperately close to being wiped out. The only thing that saved him was being able to borrow on his life insurance policies. Thanks to that nick-of-time assist, Henderson made it through to better times and security for himself and his family.

It's astonishing what a lot of life is packed into a good life insurance policy. There's no better way for a man to provide for his wife and family if he should die, of course. But life insurance is for *living*, too. It helps you to meet emergencies, take advantage of opportunities, lead a fuller and more enjoyable life. Your Northwestern National Life agent will be glad to fill you in on modern policies designed to help you get more out of life. Ask him, for example, about our Plan "W" and Triple E policies.

An actual case from our files; only the name is changed.
Copr. 1955, Northwestern National Life Insurance Co.

Life Insurance is for Living!

NORTHWESTERN NATIONAL LIFE OF MINNEAPOLIS

Business Around the World

LONDON • BONN • ZURICH • NEW YORK

>> British elections are past, but British problems are still present.

British spending is what the Eden Government must watch most closely. Wages are moving up faster than prices. Cost of living already is at a record high. Keeping the lid on inflation is going to get more difficult. Credit conditions will continue tight, while plant modernization is to be encouraged.

British imports this year have been moving up faster than exports. This pattern is related to increased purchasing power in Britain. But British earnings and spending overseas have to balance in the long run. Otherwise, the British pound will not remain strong. The pound rate wavered again recently.

Britain now is a net coal importer. Coal is the one raw material Britain has plenty of. But the miners don't bring up enough coal to take care of needs at home and in traditional export markets. This is shocking to many Britons.

Strikes also jam things up in Britain periodically. The Eden Government is going to have to do something about Communist-inspired strikes.

Getting a new lease on life simply means the Conservative Government must turn back to the same old complex of problems. And they haven't got any easier. But the Government has been nursing along the British boom successfully for several years. Eden, Butler & Company shouldn't be sold short.

>> Production of British cars in the first four months of this year broke all previous records. Exports were up substantially, despite fierce competition.

But these export sales have to be analyzed. Most of the increases are in the Commonwealth markets, such as Australia and New Zealand. Sales in North America and several European countries have suffered this year.

This suffering has been caused largely by German competition.

German auto sales in the U.S. for the first quarter showed an eightfold rise over a year earlier. Volkswagen, the fastest-selling foreign car in the U.S. last year, has been leading the way again. The Volkswagen, Opel and Ford Taunus, all of German manufacture, have been giving British cars the stiffest kind of competition in the European market, too.

>> Swiss analysts see European business trends developing this way:

General conditions are good. Uptrend should continue through 1955 and well into 1956. Favorable U.S. prospects are important to this outlook.

All the important European countries so far in 1955 are showing bigger year-to-year percentage gains in industrial production than the U.S.

>> France, in this Swiss view, no longer is the laggard in the European boom. She seems to be coming into her own this year.

(over)

Industrial production is sharply higher in 1955 on a broad base of rising steel, auto, chemical and oil output. Retail turnover shows big increases. So do savings. Tax receipts are up. The French Treasury is in the best shape in years. Exports are going better and the trade deficit is being cut down.

French businessmen, perennial pessimists, for once sound almost cheerful.

The Swiss experts, however, are careful to point out that, without U.S. aid, France still couldn't make both ends meet. And there's the structural problem of high French costs that make export subsidies necessary.

>> The German boom still goes on, but the Swiss have reservations about it.

German imports now are running larger than exports. Rearmament, as it gets rolling, is likely to accentuate this trend. Also, certain industrial and labor bottlenecks may well develop. The Swiss are willing to lend the Germans short-term, but not long-term, money. That's significant.

>> Belgium continues in good shape and is considered a fine credit risk. But, to Swiss chagrin, the Belgians don't need further credits right now.

Unemployment is much smaller than a year ago. Production generally is rising strongly--especially steel. Exports are flourishing.

>> The Netherlands, too, is progressing nicely, the Swiss believe. The danger of serious inflation seems to be passing. Credit expansion has been slowed down. But industrial activity and exports continue to expand.

>> Scandinavia is having some difficulties, related mainly to high purchasing power and inflationary tendencies. Monetary measures, as in Britain, are being tried as an offset. These countries have to watch their imports closely.

>> Austria is doing very well at the moment. But the Swiss feel that Austria is going to need some large-scale outside help to rehabilitate Russian-occupied factories and to tide the country over budget deficits. U.S. aid is expected.

>> Italy shows economic improvement over last year. But the Swiss see continued U.S. aid, in the form of offshore-procurement contracts, as very important for Italy's economic health. Large increases have been chalked up this year in steel and auto output, in retail trade and in exports.

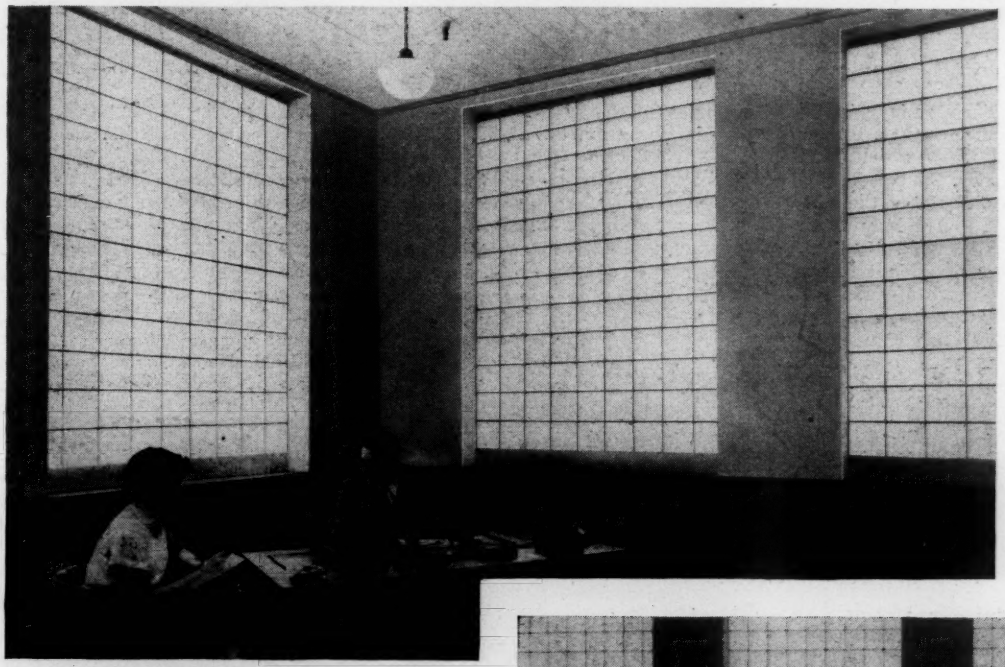
>> All in all, the European boom doesn't look like a passing phase. Bottlenecks and overexpansive buying have to be watched in several countries. But even the cautious Swiss don't see any very dark clouds on the horizon.

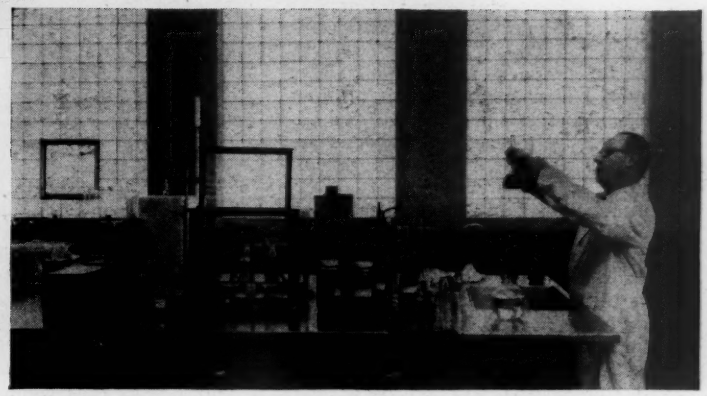
>> You can now buy 34 of the better-known British, Dutch and South African stocks right in New York and be assured of getting your dividends in dollars.

Irving Trust Company in New York has just begun issuing American Depository Receipts for these foreign securities. An A.D.R. is issued against securities deposited with a banking agent abroad. A.D.R.'s enable you to buy and sell these foreign stocks without going through the complicated rigamarole of transferring securities abroad. That is done for you on the spot.

This mechanism permits foreign companies to get access to U.S. stock markets without having to comply with the involved listing rules of the SEC.

ANOTHER PLANT MODERNIZES WINDOWS . . . CUTS COSTS!





"$1050 saved the first year with PC Glass Blocks"

says **Myron J. Hess,** *General Manager, S. Twitchell Company, Camden, N. J.*

This is the story of a small, highly reputable manufacturer who was faced with the necessity of air conditioning his building. He ended up with not only air conditioning, but with completely modernized windows—*both for less than the air conditioning alone would have cost.*

Air conditioning was going to be a major investment, but it was discovered that by replacing the old windows with PC Glass Blocks*, the size of the air conditioning unit could be reduced from 20 to 15 tons—an immediate savings of $2800.

Other costs would also be avoided by modernizing the windows with PC Glass Blocks. To repair the existing sash would cost $2000. Window breakage cost $1000 per year, while glass blocks are seldom broken. Window washing, not needed with glass blocks, cost $250 per year. Now add it all up:

Cost of PC Glass Blocks		*$5000*
Less *savings on air conditioner*	*$2800*	
savings on sash repair and breakage	*3000*	
savings on washing	*250*	*$6050*
First year's direct savings with PC Glass Blocks		*$1050*

In addition, steam pressure in winter was reduced from 7 pounds to 2 pounds because of the better insulation*. Window blinds, glare and dirt were eliminated. And it is estimated that employee efficiency is up 15%.

PC Glass Blocks can fit into *your* plant modernization plans, too. Write for our booklet, "How To Modernize Old Windows." Address Pittsburgh Corning Corporation, Dept. US-65, One Gateway Center, Pittsburgh 22, Pa. In Canada: 57 Bloor St. W., Toronto, Ontario.

**PC Glass Blocks have twice the insulating value of ordinary windows.*

PC Glass Blocks

PITTSBURGH PC CORNING

ALSO SKYTROL® AND FOAMGLAS®

PLUS & MINUS
Latest Indicators of Business Activity

A steep rise in business activity is still in progress, bringing with it a further expansion of the nation's debt and its supply of money.

Factory output stood at 139 on the indicator in the week ended May 21, a level equal to the peak of July, 1953.

Paperboard production, an indicator of activity in a wide range of industries that use paper boxes for shipping, mounted to a record high 12 per cent above a year ago.

Electric-power output, seasonally adjusted, reached a new high mark.

The steel and auto industries kept their output near the record rates of recent weeks.

Carloadings were 13.6 per cent ahead of last year.

Layoffs, measured by new claims for unemployment compensation, fell to a new low since October, 1953.

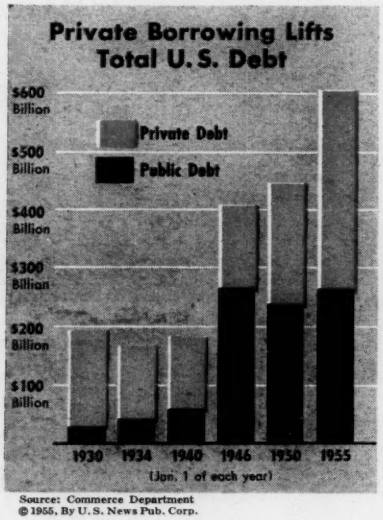
The unemployment trend, indicated by insured unemployment, was downward.

The U. S. money supply jumped to 207.4 billions at the end of April, up 2.1 billions in a month and 10.1 billions above a year ago. Included are total bank deposits, as well as currency in circulation.

Expansion of bank credit created 2.1 billions of new deposit money in April. Banks added 800 millions to their loans, 1.3 billions to their investments in U. S. Government securities.

Total debt in the U. S., more than a third of it owed to banks, had grown to 605.5 billions on Jan. 1, 1955, as the top chart shows. The rate of gain, 3½ per cent in 1954, was faster in the first quarter of 1955, when home-mortgage debt alone grew 3 billions.

Expansion of debt has fed the postwar business boom, including the recovery since last autumn. Total spending for goods and services rose to 370 billions per year in the first quarter of 1955, compared with 356 billions in the third quarter of 1954. Businessmen and consumers helped bring about that expansion by their borrowing.



Source: Commerce Department
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Private debt, growing while public debt was stable, reached 342 billions on Jan. 1, 1955, up 62 per cent since Jan. 1, 1950, nearly 2½ times the amount in 1946.

Incomes gradually are being burdened with heavier repayment loads. Repayments on home mortgages and consumer installment debt amounted to 14.5 per cent of personal incomes, after taxes, in the first quarter. That compares with 12.2 per cent in 1951 and only 6.2 in 1946.

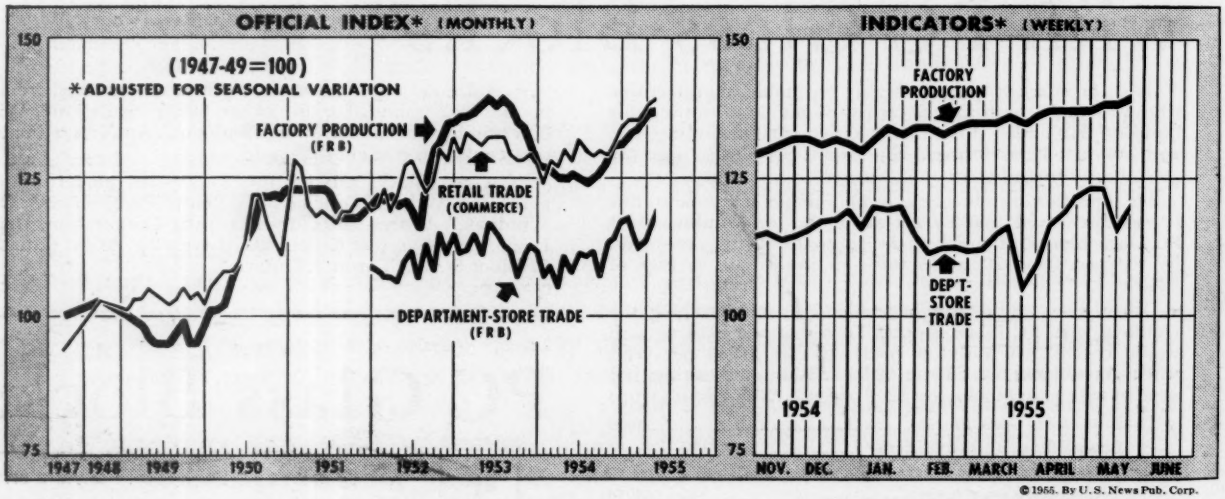
Spurring debt expansion this year are the rise in personal incomes and the easing of credit terms. Smaller down payments and longer repayment periods are rapidly increasing the average size of loans.

Risks of debt to business stability, though increasing, seem far less than in 1929. Home loans now are amortized by regular monthly payments, do not fall due in their entirety on a single date, Personal incomes no longer move violently up and down. Deposits are guaranteed. Protected against runs, banks no longer are so likely to shut off the flow of new loans in time of trouble.

Character of U. S. debt, taken as a whole, differs radically from that of 1929. Public debt is 43 per cent of the present total, against 16 per cent in 1929. Public debt tends to rise in a business slump, not to decline. There is less danger that forced repayment of debt will soak up the country's deposit money when it is most needed, as happened in 1929-33.

Public debt, as well as private debt, is likely to grow in years ahead. Need for public works is huge, and States and municipalities will float many bond issues for highways, schools, sewers and water. Banks, buying the bonds, will pay for them with new deposit money.

Abuses of credit have helped to bring on many business depressions in the past. Bankers and Government officials responsible for credit policy hope to prevent this from happening again.



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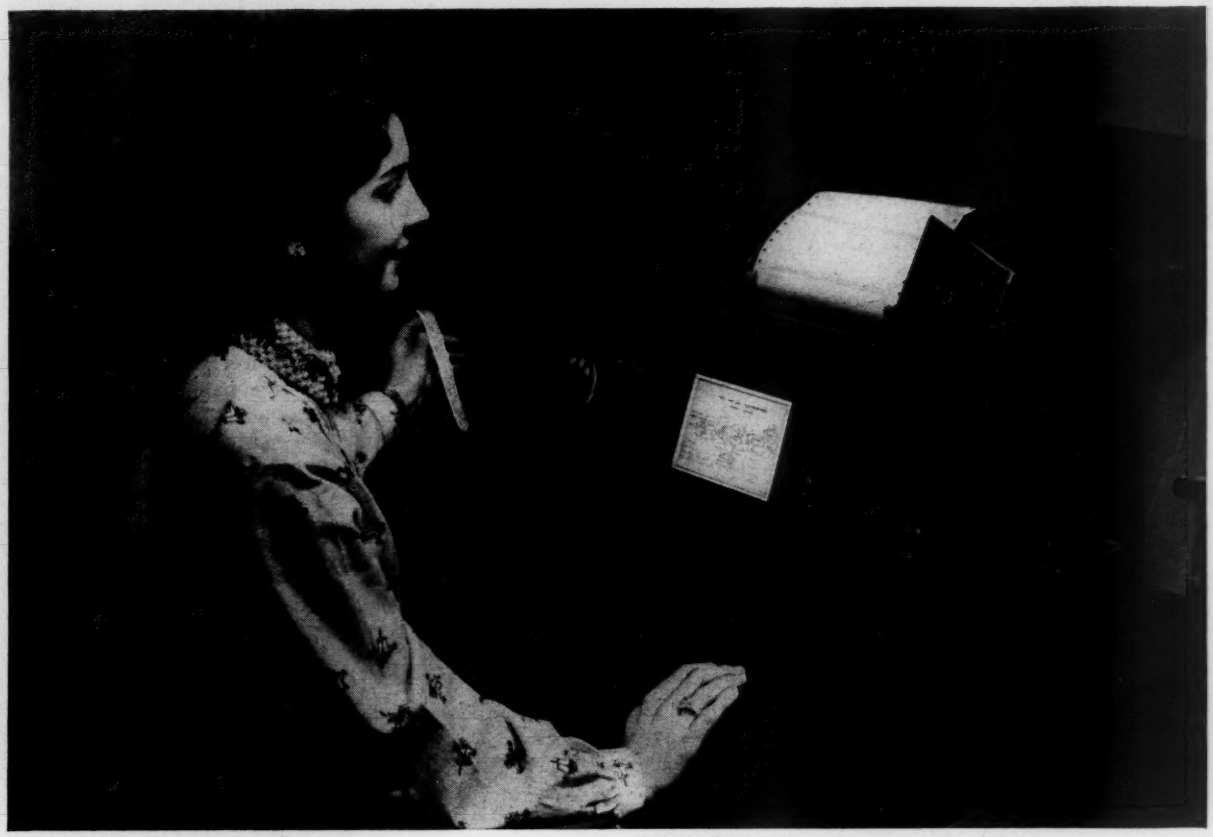

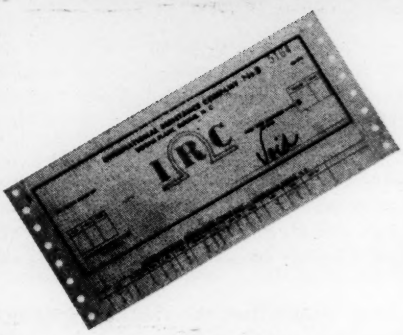

International Resistance Company writes pay checks—500 miles away—by Bell System teletypewriter

International Resistance Company, of Philadelphia, has plants in Asheville and Boone, North Carolina. It used to take up to three days to write and mail the company payroll checks.

Today, using private line teletypewriter service, the payroll for both plants is handled in about two hours! Payroll information is prepared on tape and fed into the transmitter in Philadelphia. Actual pay checks instantly come out of the machine in North Carolina—some 500 miles away—requiring only an authorized signature.

This service eliminates the expense of maintaining payroll systems in the branch plants. It saves a tremendous amount of time. And when the teletypewriters are not writing checks, they're speeding special orders, specifications and performing other duties.

If you would like to see how you may save time and money on your communications, the Bell System will be glad to survey your needs at no cost to you. Call our Business Office and talk it over with your Bell Telephone representative today.

BELL TELEPHONE SYSTEM

TELEPHONE TELETYPEWRITER MOBILE RADIO

THE RISING TIDE OF CONSERVATISM

BY DAVID LAWRENCE

AT LONDON

THE AMERICAN PEOPLE can well rejoice over the outcome of the British election. For it shows that the people in a democracy can tell the difference between baseless cries about misrule and the solid facts of an administration's achievements for the public welfare.

Carping criticism, vague charges of mismanagement of governmental affairs, predictions of economic doom and all the demagoguery which charges that Conservatives have no heart and that only the Socialists are truly sensitive to the needs of the people were brushed aside in an overwhelming victory for conservatism.

But the word "conservatism" must not be distorted into the meaning which the Socialists in Britain and the radical Democrats in America like to give it. For here the Conservatives, like the Eisenhower Administration officials, do not insist on a stagnant economy or governmental indifference when economic emergencies arise, as their opponents so often charge.

The true Conservative favors a flexibility of approach which recognizes social change in the nation and the importance of anticipating its requirements. There is, however, an inflexible adherence by the Conservative to the principle that governments cannot supply the brains and the initiative or the enterprise so essential to job creation or the incentives to successful management of industry.

The keen analysis of Wilfrid Sendall, political correspondent of the *London Daily Telegraph*, written on the day after the election is pertinent:

"After visiting a number of industrial constituencies in the Midlands, I had no doubt of one thing. The manifest prosperity of the highly skilled workers in this area is bringing with it a new outlook. Whereas in 1945 these workers sought security, now they are looking for opportunity. This should make them more receptive to the philosophy of modern conservatism."

But, it may be asked, what was it that basically influenced the British electorate? The behavior of the British voters is not unlike that which we observe in America. The issues here could be condensed into three words, "peace and prosperity." How often have those two issues determined an American election! They were dominant in 1916 when the Democrats won, and they were dominant in 1948 when Truman won. Apathy of the voters in the latter contest was often ascribed to overconfidence by the Dewey forces. The true reason probably was a tendency to regard the economic situation then existent as satisfactory.

In Britain they have been talking about the "apathy" and the "dull campaign." But failure to vote is not unusual when the electorate is in a state of relative contentment. The turnout at the polls was smaller than usual here this year but it affected both parties, as is always the case. In such circumstances the party in power often benefits from its more intensive organization work.

There is a question, too, as to what is meant by "dullness." Aneurin Bevan, left-wing leader inside the Socialist Labor Party, charged that "Wall Street wants a millionaire government here." He expressed himself bitterly against German rearmament and favored the Communist proposal of a neutral belt in Europe. He approved also of the Communist suggestion that the hydrogen bomb be banned, and concurred in their demand that American bases in Europe be prohibited.

Attlee, who is referred to as the right-wing leader in the Socialist Labor Party, was the champion of a moderate socialism, but he felt it necessary to express sympathy with some of Bevan's ideas on foreign policy. This didn't help him much, as Bevan accused Attlee of a "me too" conservatism. All this foreshadows an intensification of the battle for control inside the Socialist Labor Party, from which contest the Conservatives naturally should benefit.

The impressive point about the election is that the facts about economic opportunity and actual prosperity proved more effective than impassioned appeals to class prejudice through phony schemes of reduced taxation.

The election result shows that the cautious speeches by Eden and Macmillan, warning against not expecting too much from the Four Power conference, were not misunderstood by the electorate.

Sincere efforts to bring peace, while applauded by the people, do not erase the fact that peace is not solely within the control of the Western Allies. It depends more than ever on the continued solidarity of the Allies, the continued build-up of our armed forces as a deterrent to aggression, and a continued alertness to the insidious infiltration of free governments and institutions by Communist imperialism.

The British election means that America and Britain stand together now as before in a common desire to achieve "peace and prosperity" for all the world—not only for the democracies which are at present free and independent but for the many countries whose peoples are still enslaved.

"National Accounting Machines save us more than 75% annually on our investment!"

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Division of The Kendall Company

"Our National Accounting Machines return us, in direct savings, about 75% annually on our investment. However, since this estimate does not include certain other savings that we consider intangible (such as reduced floor space, lower forms cost, and the simplicity that permits us to train operators at reduced cost) the total savings are more than 75% a year.

"Nationals handle the work in our Accounts Payable, Accounts Receivable and Payroll departments. In addition to saving valuable time, they help our operators do more and better work with less effort.

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George McQuilkin 3rd
Divisional Comptroller

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